



United Nations  
Common Country Assessment  
for the  
Islamic Republic of Iran

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## FOREWORD

This Common Country Assessment (CCA) is the work of a large number of individuals within the UN system, as well as in the government and other organisations. Over a period of one year, these individuals worked together to carry out this essential first phase of data collection and analysis for the future UN Development Assistance Framework (UNDAF).

It is with great pleasure that we, the UN Country Team, present this first CCA for the Islamic Republic of Iran, in the hopes that it will prove to be a useful source of information for future programming and coordination of the UN System's support for Iran's future development efforts.

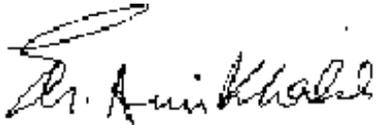
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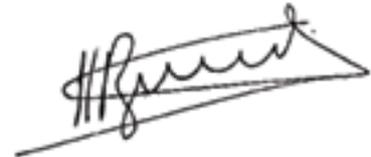
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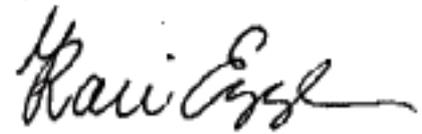
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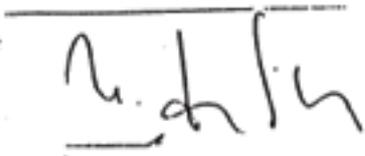
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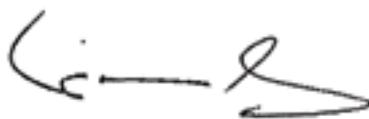
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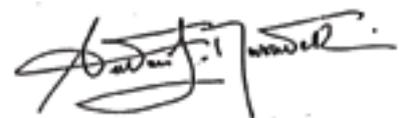
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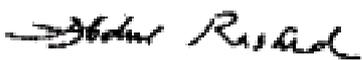
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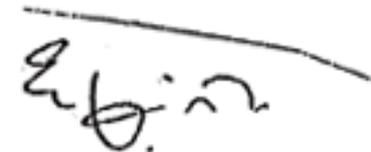
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This document would not have been possible without the support of a number of UN colleagues who have since departed Iran. Although their names are not listed above, we offer them our sincere gratitude for their contributions.

Tehran, 11 August 2003

## LIST OF ACRONYMS

ARSH	Adolescent Reproductive and Sexual Health
AQUASTAT	FAO's Information System on Water and Agriculture
CCA	Common Country Assessment
CEDAW	Convention on the Elimination of Discrimination Against Women
CRO	Civil Registration Organisation
CSI	Computer Society of Iran
DALE	disability adjusted life expectancy
FAO	Food and Agricultural Organisation of the United Nations
FAOSTAT	FAO Statistical Database
FYDP	five-year development plan
GAD	gender and development
GEM	gender empowerment measure
GDI	gender-related development index
GDP	gross domestic product
GIS	geographical information systems
GNI	gross national income
GNP	gross national product
HDI	human development index
HDR	Human Development Report, UNDP
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency virus
ICPD	International Conference on Population and Development
IDU	injection drug use
ILO	International Labour Organisation
ISIC	international standard industrial classification
IUCN	World Conservation Union
JICA	Japanese International Cooperation Agency
LPG	liquefied petroleum gas
MD	Millennium Declaration
MDGs	Millennium Development Goals
MOHME	Ministry of Health and Medical Education
MOI/BAFIA	Ministry of Interior
MPO	Management and Planning Organisation
MSRT	Ministry of Science, Research and Technology
NGO	non-governmental organisation
NHDR	National Human Development Report
OECD	Organisation for Economic Co-operation and Development
RH/FP	reproductive health/family planning
SCI	Statistical Centre of Iran
STD	sexually transmitted disease
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNRC	United Nations Resident Coordinator
WHO	World Health Organisation
WID	women in development

## EXECUTIVE SUMMARY

(i). The **Common Country Assessment (CCA)** is a country-based process for reviewing and analysing the national development situation, and identifying challenges to be addressed by UN Agencies in Iran. This CCA document was prepared by the United Nations Country Team in Iran in collaboration with its national and international counterparts. The Assessment takes into account national priorities, with a focus on the Millennium Development Goals and other commitments, goals and targets of the Millennium Declaration and international conferences, summits and conventions.

(ii). Any assessment of the developmental situation in Iran is constrained by limited coverage and delayed publication of official data. While ample statistics are available for certain sectors, little data has been collected or published on subjects such as the economy, mortality and morbidity, nutrition and the environment. Enhancing Iran's **statistical capacity** (section 1.1 and annex 3) will ensure a better understanding of the country's human development situation. Responsibility for data publication should be centralised and coordinated by a single, well-funded agency.

(iii) At present, the 65 million inhabitants of Iran enjoy an average quality of life that is near the top of the middle-level development category (section 1.2), when quantified by the **human development index (HDI)**. With a value of 0.72, Iran appears to be within reach of the level of high human development countries (starting at 0.8). Yet despite recent gains in life expectancy, literacy and educational attainment, current trends in income growth has resulted in small incremental increases in the HDI. Strengthening the economy remains an important challenge (see section 1.4).

(iv) During the last quarter century, there have been two major demographic changes in Iran. A large increase in fertility rates during the 1980s, followed by an equally dramatic decrease during the 1990s (see section 1.3). Population growth has since fallen to 1.6 percent a year, but a bulge in the population aged 15 – 25 now dominates the age pattern of the population. This new demographic “bonus” could bring benefits in economic growth and prosperity. But such prosperity would require job and investment opportunities, training and long-term financial commitment to human capital development.

(v) Although population growth has been eased by recent advances in **reproductive health** and family planning (section 1.3), there are still regional disparities in the availability of quality services. Other aspects of reproductive health such as STD/HIV/AIDS and contraceptive education need to expand to larger audiences outside of the accepted constituency. In addition, the large and fluctuating **refugee population** in Iran (section 1.3) has placed special demands on social and economic planning. The educational and health needs of the refugees are different from those of the rest of the population and maintaining a balance between full integration and preparation for repatriation requires flexible planning.

(vi) Despite the relative wealth enjoyed by Iran through its vast oil and gas reserves, **improving economic performance** (section 1.4) remains a significant challenge. Recent growth has been insufficient either to create employment on the scale needed or to provide the tax base to finance necessary state efforts in health, education, welfare, infrastructure and environmental protection. For a high growth rate to be achieved, it would be necessary to raise the proportion of the national product invested annually in productive activity and environmental protection. Imbalances between government expenditure and revenue tend to produce uncertainty, which discourages productive investment and often encourages unproductive rent seeking. Successful reduction of inflation, without a recession, would punish speculators and redistribute income and demand in favour of the poor, stimulating both growth and employment. A frequent complaint against the excessively centralised system of economic authority is that it leads to uncoordinated and inconsistent decisions in different sectors. Decentralising economic governance and planning is already underway as part of the Third Five Year Plan. Removing the distorted system of incentives will unleash the initiative both of private entrepreneurs and of provincial, city and village authorities to pursue explicit human development goals at all levels of government. As one of the world's largest oil and gas producers, a key challenge

for Iran is maximising the benefits of these resources. This can be achieved by directing the benefits of its hydrocarbon wealth towards the most productive sectors of the economy in such a way as to stimulate human development, create employment and eliminate poverty.

(vii) A major aim of investment policy must be the **creation of employment** (section 1.5). The current ratio between those employed and those unemployed remains especially high. The alarming rate of unemployment in the 15-24 age group remains a top priority for Iran. Developing and **implementing strategies for decent and productive work for youth** is also one of the targets of **MDG 8**. Employment creation strategies should ensure improvements in human capital and should address the prevalence of the informal sector. Information and new communication technologies also offer an exciting opportunity to influence growth and employment. Finally, effective planning choices that emphasise labour intensive industries, activities and techniques, will help to contribute to employment generation.

(viii). National averages conceal multiple inequalities – between men and women, young and old, rich and poor, employed and unemployed and inhabitants of different regions. An assessment of national human development indicators and indices reveals wide inter-provincial disparities, consistent rural-urban differentials and unequal income distribution among the population (section 1.6). Stimulating and stabilising rural development would improve standards of living, demographic equilibrium and help alleviate poverty. About 20 percent of the population currently lives below the poverty line. The challenge of **eradicating extreme poverty (MDG 1)** is to identify and aid those 20 or more percent of people who are the most vulnerable, either because they currently suffer hardship or are likely to suffer with any worsening of the economic situation.

(ix). In recent years, Iran has achieved notable successes in the field of education and great strides are being made towards universal literacy and the **achievement of universal primary education (MDG 2)**. Educational advances have been characterised by increased enrolment, lower dropout rates and a rise in literacy. If present enrolment levels are maintained into the future, the level of literacy will continue to rise (section 1.7). However, disparities continue to exist between the provinces and between the sexes, and enrolment rates beyond the primary stage are still not adequate to provide education for all. Special attention should be paid to the need for an educational system that caters to the labour market.

(x). The successful establishment of a national healthcare system has resulted in major improvements in health and the Iranian government is actively pursuing **MDGs 4 and 5 to reduce child mortality and improve maternal health**. Nevertheless, there are still some sections of the population that do not have access to health care and more who are not adequately covered by the health insurance system. In addition, some rural areas and less developed provinces need more attention (section 1.8).

(xi) **Halting and reversing the HIV/AIDS epidemic by 2015 (MDG 6)** represents one of the major challenges facing Iran (section 1.8). There is a high prevalence of drug-injection use in Iran, particularly among the prison population. Unless the problem of needle sharing both inside and outside jails is tackled, the consequences for the spread of HIV and Hepatitis could be nothing short of catastrophic. In addition, a large cohort of the population is now entering the reproductive age, and increased services will be required to promote sexual health and responsible behaviour among these adolescents.

(xii) Over the last three decades, Iran has enjoyed a considerable increase in food production, overall agricultural output and domestic consumption per capita. Average levels of **nutrition** (section 1.8) are positive but more research is needed to identify groups that may suffer nutritional deficiencies. After some advances in food self sufficiency, problems have arisen in recent years, partly due to drought which has led to an increase in the amount of wheat (the staple food) imported. The current trend implies that the challenge of maintaining national **food security** is ever more interconnected with two other challenges: that of raising the consciousness of healthy eating and that of dealing with drought and other environmental influences on agriculture.

(xiii). As a result of greater educational equality, women in Iran are becoming as educated and skilled as men. Nevertheless, they make up a significant proportion of the unemployed. **Achieving gender equality and empowerment of women (MDG 3)** will require a much more rapid pace of change (section 1.9). More research is needed about factors that are detrimental to women's health and survival, beginning with those that influence girls' growth and development in childhood. There is also virtually no official data on the problem of violence suffered by women, especially in the domestic context. This is reportedly a serious problem that needs to be addressed.

(xiv) The **rights of children and young people** are closely associated with those of women. Ending child poverty and malnutrition is part of the same challenge as getting more resources to poor women (section 1.9). Child health is also, in part, a result of better reproductive health for women and better pre and post-natal medical care and services. In Iran in recent years, both maternal and perinatal mortality (**MDG 5**) as well as child mortality (**MDG 4**) have fallen sharply due to improvements in medical care. In addition, children's health has improved with the extension of inoculation programmes to a very high proportion of the population, though there is still insufficient coverage in some of the least developed provinces.

(xv). One of the most important requirements for achieving the MDGs is "good governance". This has many facets, including **greater transparency and accountability** in public administration, the establishment of the rule of law and the thoughtful, pragmatic and careful selection and monitoring of policy choices (section 1.10). There also needs to be special attention to fairness and social justice, particularly for women, minorities and the poor, to ensure that important economic and social development opportunities are not ignored, and that the benefits of growth and development are shared.

(xvi). A better-educated and better-informed electorate is likely to result in a more responsive and effective administration. **Political pluralism** in Iran (section 1.11) can be further expanded by extending the opportunities for democratic participation and by promoting and stimulating the growth and activities of non-governmental organisations. Priority should also be given to the fostering of human rights and by ratifying where necessary and pursuing the objectives of all the UN conventions relating to political, civil and economic rights.

(xvii) Successes in health, education and the economy are constantly threatened by environmental deterioration (section 1.12). Excessive consumption and the wastage of water, especially in agriculture, has become a critical problem. Long-term drought and a growing number of flooding incidents are creating new environmental planning needs and require further development of the country's already large and experienced disaster mitigation institutions and programmes. Raising environmental consciousness and adopting stronger policies may enable Iran to reduce or reverse the damage already done and **ensure environmental sustainability (MDG 7)**.

# INTRODUCTION

## 1. Nature and scope of the Common Country Assessment

In 1997, the United Nations Secretary-General launched a comprehensive programme for reform with the aim of preparing the UN for the challenges of the 21<sup>st</sup> century. In response to his call for an articulate vision and strategy at the country level, the Common Country Assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) were introduced.

As defined by the General Assembly, the CCA is the common instrument of the United Nations system to analyse the national development situation and identify key development issues. Both a process and a product, the CCA takes into account national priorities, with a focus on the MDGs and the other commitments, goals and targets of the Millennium Declaration as well as international conferences, summits and conventions.

Through the CCA, the UN and its partners will identify areas requiring priority attention, based on an analysis of key development challenges within the country. The CCA will also serve as a stepping-stone towards the formulation of the UNDAF, which will articulate a common UN system response to a selected number of challenges identified, and set the foundation for full collaborative programming of UN Agencies in Iran.

## 2. The guiding principle of Common Country Assessment for Iran

The guiding principle behind this CCA report is “human development.” The term has been defined in successive Human Development Reports as “a process of expanding people's choices, opportunities and strengthening their human capabilities.” The concept of human development looks beyond economic growth as the sole indicator of a nation's progress and considers the expansion of peoples’ choices and their capacity to live long, healthy, knowledgeable and satisfying lives.

In September 2000, the pursuit of human development gained new impetus with the adoption of the Millennium Declaration by UN Member States. This remarkable document originated from a series of international conferences and summits that began in 1990 and encompasses unprecedented agreement within the international community on a wide range of commitments and plans of action. By committing to the Declaration, world leaders agreed to a set of eight time bound and measurable Millennium Development Goals (MDGs) for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women, as follows:

- Goal 1 – To eradicate extreme poverty and hunger;
- Goal 2 – To achieve universal primary education;
- Goal 3 – To promote gender equality and empower women;
- Goal 4 – To reduce child mortality;
- Goal 5 – To improve maternal health;
- Goal 6 – To combat HIV/AIDS, malaria and other diseases;
- Goal 7 – To ensure environmental sustainability; and
- Goal 8 – To develop a global partnership for development.

Eighteen numerical time-bound targets have been set to monitor progress towards the goals over a 25-year period between 1990-2015. More than 48 numerical indicators have been selected to measure progress towards the targets, as set out in Annex 1. These targets and indicators should be considered as indicative for country-level monitoring and not as a rigid directive. In other words, they should take into account national development priorities and should be adapted to meet the country’s circumstances and requirements.

The MDGs are benchmarks of progress toward the vision of the Millennium Declaration, which is guided by basic values of freedom, equality, solidarity, tolerance, and respect for nature and shared responsibilities. These values have much in common with the concept of human development and reflect the fundamental motivation for human rights. Countries cannot achieve the MDGs unless they

practice better governance, enhance human rights for all, combine economic and social development with equity and protect the environment.

### **3. Outline of the CCA document**

This document is comprised of:

- An *introduction* to the nature and scope of the CCA, and the guiding principle behind the CCA document for Iran;
- An *executive summary* which synthesises the major findings of the analysis;
- An analysis of *the key development challenges and areas of possible cooperation relating to Human Development, the Millennium Declaration and the Millennium Development Goals*;
- Annex 1 lists the Millennium Development Goals, Targets and Indicators;
- Annex 2 summarises the CCA process in Iran;
- Annex 3 discusses the issue of data reliability and identifies data gaps;
- Annex 4 provides a list of references

# HUMAN DEVELOPMENT IN IRAN: TRENDS AND KEY CHALLENGES

## 1.1 Strengthening national statistical capacity

Identifying the challenges that face the people of Iran, its leaders and those who wish to assist from the outside requires detailed, up-to-date and accurate knowledge. Any assessment, including this one, is constrained by the quantity and quality of available data. This assessment identifies Iran's major development challenges using available data. However, where these data have seemed inadequate or contradictory, this has been stated.

Ample statistics of good quality are available in many sectors in Iran, such as education, allowing for a clear description of recent trends and future challenges. However, there are other areas where data remains out-of-date or difficult to interpret (see details in Annex 3). Too little data on the economy, mortality and morbidity, nutrition and the environment are collected or published.

Increasing and improving the collection and publication of data represents a crucial first step. Achieving this step will open the way to better understanding and addressing the country's developmental challenges. To strengthen statistical capacity, responsibility for data publication should be centralised and coordinated by a single, well-funded agency.

For international cooperation to be effective, it is important to improve the correlation between national and international sets of data. Insufficient coordination between the two can lead to confusion and/or misinformation, especially at the international level. For example, data estimates recently published by UNESCO (UNESCO, 2002) and the World Bank suggest that Iran is in danger of not meeting the Millennium Development Goal of education for all, though national figures clearly suggest otherwise (see Section 1.7).

## 1.2 Trends in the Human Development Index

Living a long, healthy life, enjoying the benefits of education and having a decent standard of living are the three basic dimensions measured by the human development index (HDI)<sup>1</sup>. The HDI, however, does not reflect all key aspects of human development, which is a broader concept as illustrated in the introduction.

Iran's 65 million inhabitants enjoy an average quality of life, which when quantified by the HDI, is near the top of the middle-level human development category. With a value of around 0.72 in 2000 (UNDP, HDR 2002), Iran appears to be within reach of the level of high human development countries (starting at 0.8). Attaining a substantial increase in that level requires that Iran confront a series of challenges related to the economy, society, governance, human rights and environmental protection.

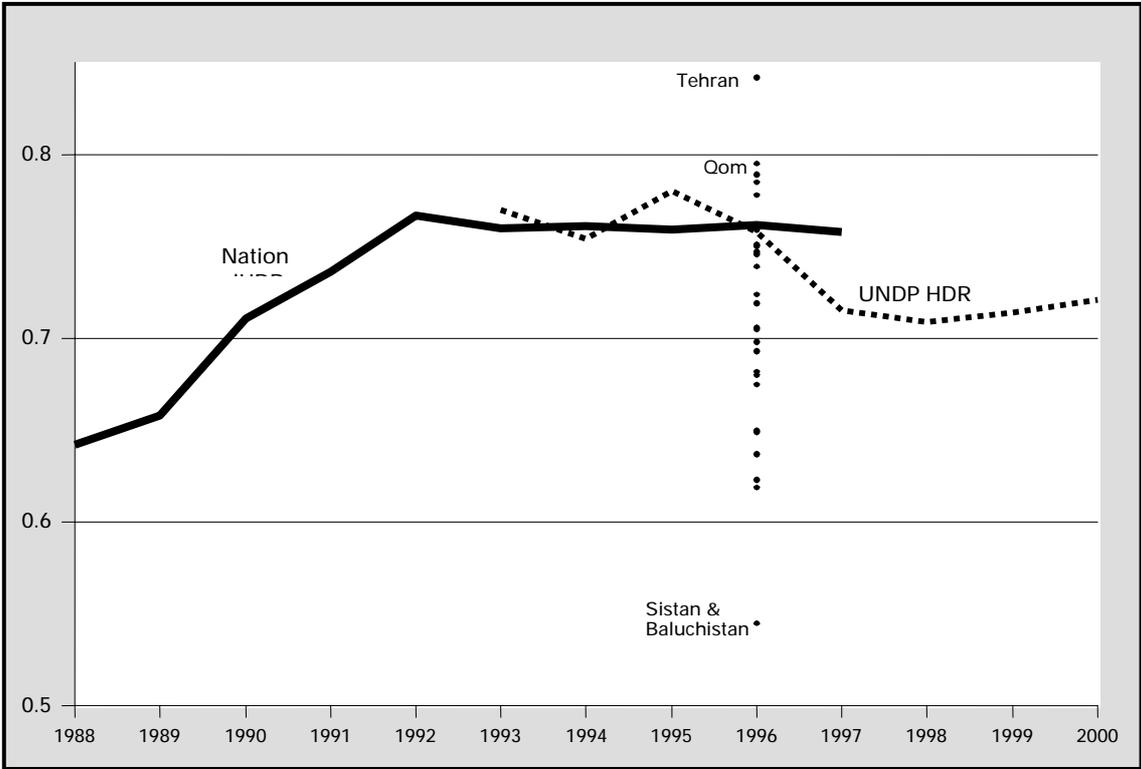
While the concept of human development is designed to reduce the relative importance of income and production in the measurement of development, national income per head remains an important element of the HDI. In the year 1379 of the Iranian calendar (21 March 2000 to 20 March 2001 by the Gregorian calendar), Iran's national income per head was calculated at approximately 10 million rials (SCI 2003; MPO 1999). Converted at the current exchange rate, this figure represents approximately \$1,700. International sources estimate that, when converted at purchasing power parity, the real level may be three times as high. Measured in national currency at 1991 prices, the rate of growth of GDP between 1991 and 2001 was about 4 percent a year, implying a growth of per capita GDP of about 2.5 percent (CSI 2003). This means that current trends in income are producing a very small increasing

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<sup>1</sup> The HDI is a composite index measuring: (i) average achievement on life expectancy, (ii) adult literacy and combined primary, secondary and tertiary gross enrolment, and (iii) Gross Domestic Product per capita calculated in purchasing power parity.

tendency in the HDI. Strengthening the economy remains, therefore, an important challenge (see section 1.4).

**Figure 1.1: Human Development Index 1988–2000**



Sources: NHDR 1999, UNDP HDR 2002  
 Note: The dots coinciding with the year 1996 show the range of provincial HDI; these are related to a national level of 0.79, slightly higher than the level shows for that year in the national series. The highest and lowest provincial values have been labelled.

For other variables included in the HDI a more positive picture emerges. The overall life expectancy in Iran has risen from less than 62 years in 1988 to almost 70 years in 2000. Behind this welcome and impressive statistic lies a great expansion of health care and public health measures, resulting in a reduction in several communicable diseases and improved maternal and child health. Infant (<1 year old) and child (<5 years old) mortality rates, which were as high as 93 and 153 per 1000 live births in 1974, had by 2000 fallen to about 28.6 and 36 respectively. These figures are better than the average for countries of comparable levels of income.

Measures of educational attainment have also shown rapid advances in recent years. Illiteracy has been steadily reduced, the combined enrolment level has reached 75 percent and nearly all children now receive some primary education. This means that the total number of people in educational institutions roughly doubled during the 15 years between 1986 and 2000. The overall level of literacy in the country rose from a little over 50 percent in 1976 to over 80 percent a quarter of a century later (see section 1.7). Again, enrolment figures are better than the average for countries with comparable income levels and literacy figures are rapidly approaching that level.

Iran, in particular, has reason to note that its progress towards achieving development goals has been accomplished almost entirely without international assistance. For example, in 1995 and in 2000, Iran received only 0.2 and 0.1 percent, respectively, of its national product in development assistance (World Development Indicators, World Bank, 2002). In addition, it has endured nearly a quarter of a century of economic sanctions. In these circumstances, it becomes all the more urgent to formulate development challenges and goals in such a way that international assistance can increase and play a positive role in the country’s advancement.

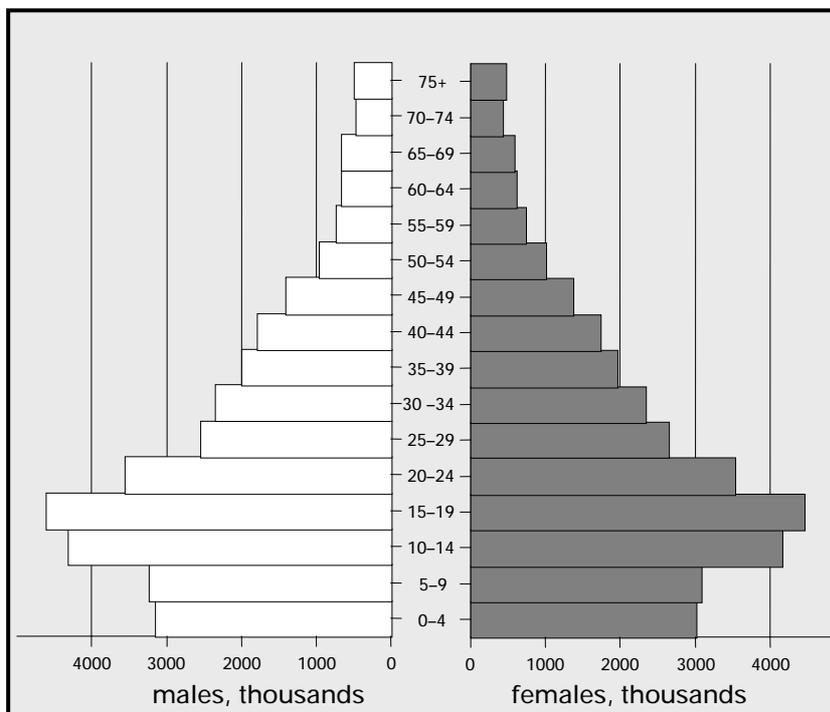
### 1.3 Reaping the Demographic Bonus

During the last quarter century, two major trends have shaped Iran's population. In the first decade following the 1979 Islamic Revolution, population growth was among the most rapid in the world. Iran's population rose from 34 million in 1976 to 56 million in 1991 at an annual rate of 3.4 percent. The reduction following 1991 has been almost as striking as the previous acceleration. A decisive change in government population policy, the rapid spread of family planning knowledge and assistance, and the collective will of a large proportion of the population, especially women of parenting age, has led to an extremely sharp reversal of earlier growth.

The growth rate has now declined (according to MOHME estimates) to about 1.2 percent and the fertility rate (lifetime number of births per woman) has declined from 7.1 in 1986 to 2 in 2000. In addition, the proportion of young people has begun to fall and the proportion of older people has begun to rise. Consequently, Iran is now confronting the phenomenon of population ageing. Figures 1.2 and 1.3 summarise these developments and the demographic effects on social and economic issues. The bulge in the population aged between 10 and 19 (those born between 1981 and 1991) is particularly striking; 38 percent of the population is between 10 and 25 years of age. After 1990, the size of the 0-9 cohorts drops dramatically.

The emergence of the post-1980 generation into adulthood has profoundly affected the country's human development outlook. The share of the population in the labour force (15-64 years) has sharply increased (see Figures 1.2 and 1.3), creating the need for new jobs and higher education. The young dependency ratio (i.e., number of children 0-9 per 100 economically active population aged 15-64 years) has declined about 50 percent from 85 in 1991 to 43 in 2002.

**Figure 1.2: Population pyramid, 2001**

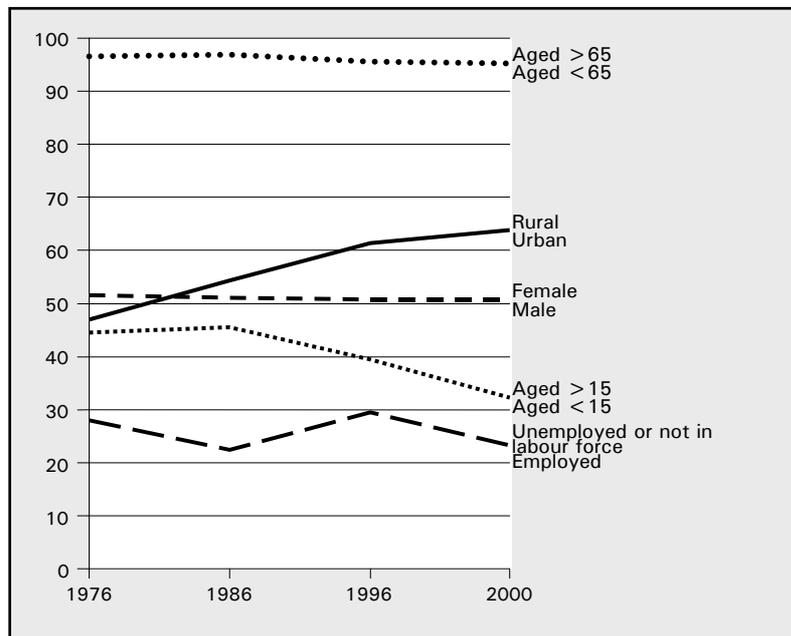


Source: MPO 1999 (projection)

Figure 1.3 summarises the evolution of some of the major ratios in Iran's population. During the past 25 years the share of people over 65 has remained more or less constant, while that of those below 15 has decreased, resulting in the relative growth of the working age population. However, the ratio of people employed to those unemployed or not in the labour force has declined, albeit erratically. The

dependency ratio is very high. In 2000 there were still more men than women, though the male majority declined slightly.

**Figure 1.3 Percentage division of the population by age, sex, residence and employment**



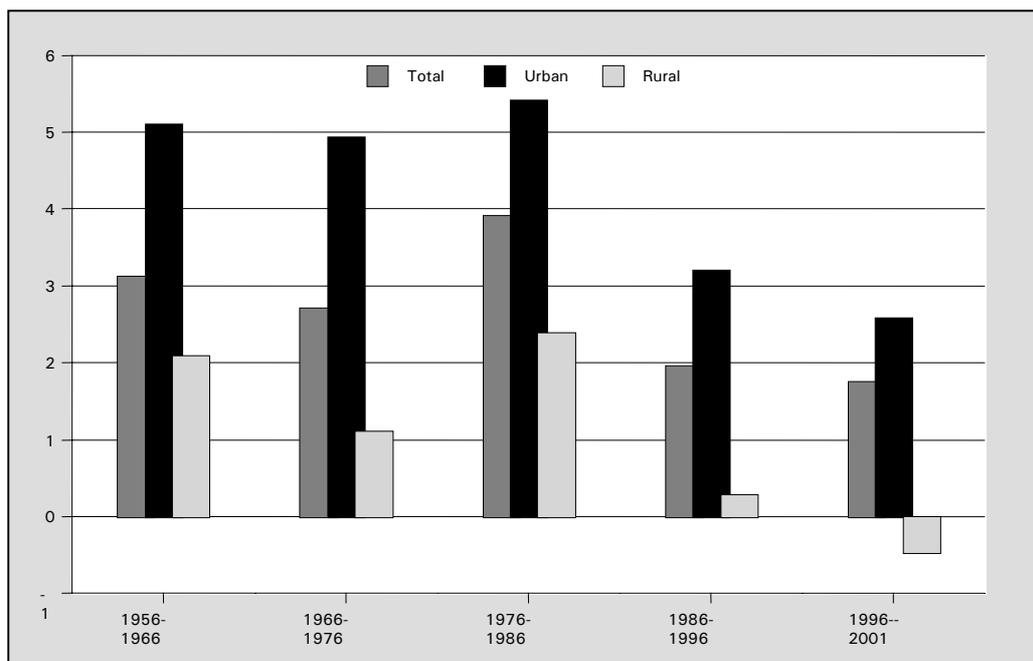
Sources: SCI 1998, MPO 1999-C

A rising labour force and a declining number of younger dependants could produce a “demographic bonus”, with increased savings, investment and productivity. However, such a bonus would require an attractive environment for investment, job opportunities and a financial commitment to education and skill training for the growing labour force.

Despite an increase in life expectancy of over 5 years, the rate of population growth, shown in Figure 1.4, has declined from 4 percent between 1976 and 1986 to 1.6 percent between 1996 and 2001 and is now estimated at 1.2 percent. Urban population has grown faster and the rural population is now static or declining. Household size has also fallen and can be expected to fall further. These changes stem from a rise in the average age of marriage and a drop in the total fertility rate. Given the previous growth rate, however, the Iranian population will continue to grow for several decades more, even if the fertility ratio remains stable.

For many years to come, the bulge in population of those born in the 1980s will constitute the major demographic feature in Iran. In 50 years time, this baby boom generation will be retiring and looking for ways of supporting themselves. Soon, there may be an echo effect as the baby boom generation reaches parenting age, producing similar problems and challenges.

**Figure 1.4 Population growth rates – total, urban and rural**



Source: SCI 2001

### By maintaining and improving reproductive health

Since 1990, public health centres have effectively delivered family planning advice and safe motherhood services to millions of women in Iran. More than half of women of childbearing age use some modern form of contraception, while traditional methods of birth control are also common. Although family planning and safe motherhood programmes have been successfully implemented in recent years, there are still challenges to be faced. After the ICPD, the MOHME has expanded its family planning and safe motherhood programmes to include other aspects of reproductive health. The coverage of the reproductive health programme is over 80 percent in rural areas. Nevertheless, there are remote areas where there are gaps in service provision. Consequently, while the national average fertility rate is estimated to be 2, it is significantly higher in some provinces. Figure 1.4 shows both the overall decline since 1986 and the recent provincial figures. In Sistan and Baluchistan the fertility rate is still over 4, while in Tehran it is only 1.3. This may be attributed, among other factors, to greater accessibility to quality reproductive health and family planning (RH/FP) services in Tehran compared to Sistan and Baluchistan. This gap illustrates the need to reduce regional disparity in access to RH/FP services.

The issues of quality care and unwanted pregnancies are now being seriously addressed by the MOHME. The ministry and relevant organisations are also prioritising other aspects of reproductive health such as adolescent reproductive health and STD/HIV/AIDS programmes. The threat of the spread of AIDS through sexual contact requires the redirection of current contraceptive education by extending contraceptive advice and family planning practice to a much wider constituency.

### By adjusting to the presence of refugees

During the last 20 years, the political situation in neighbouring countries has obliged Iran to become host to the largest number of refugees of any country in the world. The Registration Exercise carried out by MOI/BAFIA in 2001 registered approximately 2,350,000 Afghans in the country, nearly half of these in the provinces of Tehran and Sistan and Baluchistan. In addition, there were about 200,000 refugees from Iraq and over 5,000 from other countries.<sup>2</sup> This total amounts to about 4 percent of the

<sup>2</sup> The demographic characteristics of the immigrant population differed significantly from the national population: the sex ratio was 160 men to 100 women, compared with 103 for the Iranian population; the proportion of the Afghani immigrant population under 5 is similar to the total population but the proportion of those over 60 (3 percent) is less than half the national figure.

population. The refugees have integrated themselves in Iranian society to a varying degree: some have married Iranian citizens and have families; many have found work in such sectors as construction, albeit at low rates of pay; about 10 percent live in camps set up by the government but most of them find housing of some kind, often of low quality, throughout the country. However, immigrants, especially refugees from Afghanistan, generally have lower levels of education and worse health indicators than the national population.

Iran is a party to the 1951 Convention Related to the Status of Refugees. It has, however, received little by way of international assistance to help with its responsibilities towards refugees. Yet, despite the severe economic difficulties in Iran, the presence of refugees has not led to any significant xenophobic reaction among the population. While there is a clearly stated concern about the country's capacity to continue to host so many refugees, the reaction of the public remains very different from that in many other countries in the world. The Afghans who represent over 90 percent of Iran's refugees have in some ways created burdens on the country's resources. At the same time, the contributions of these refugees to the development of the country, as construction and agricultural workers, should not be underestimated.

Greater political stability in Afghanistan has led to around 470,000 people repatriating to their country between March 2002 and the end of January 2003<sup>3</sup> and 600,000 more are expected to be repatriated during the Iranian year beginning in March 2003. But there are still major problems to overcome in Afghanistan before the situation is stabilised. The international community has a responsibility to support the development of Afghanistan and Iran as a neighbouring country as well as a member of the international community, will play an important role in helping to ensure that the situation does not once again lead to conflict and population displacement.

Part of the challenge posed by the presence of refugees is to provide them with the human development opportunities lacking in their own countries. In Iran, major efforts in this direction have been made. Refugees have access to many social services available to the national population, including a number of subsidies and access to health care. Indicators on the quality of education (for example, expenditure per student) suggest that the schooling received by refugee children is comparable to that received by the rest of the population. But the indicators also suggest that the enrolment figures are much lower. In 1996, in the 5–14 age group, the school population was equal to about 57 percent of the enumerated population, although exact enrolment ratios are difficult to calculate. So Iran faces the challenge of improving the conditions for existing long-term refugee populations who do not return home while having to cater for possible future refugees. There is no doubt that the presence of large numbers of refugees underlines the need to meet other challenges such as economic growth and employment creation.

## **1.4 Improving economic performance**

The Iranian economy suffers from several weaknesses that prevent it from reaching higher human development objectives. Higher economic growth, designed to generate human development, requires a larger market sector with better incentives to generate production, employment, greater welfare and equality. Higher growth also requires a more focused and integrated approach to economic policy. Economic reform is too often viewed as substituting private market activity for state activity but genuine reform means making better use of available resources. Changing incentives reduces speculative activities and makes the market more efficient, while focused policies make the state more effective. But reform should be seen as improving the efficient use of available resources. That means that the market must be made more productive by changing incentives; the state must become more efficient through more focused policies; and the right balance between the public and the private economy must be struck so that they both specialise in what they can do effectively. The specialisation

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<sup>3</sup> According to a spokesperson for the Ministry of Interior, quoted on Relief Web.

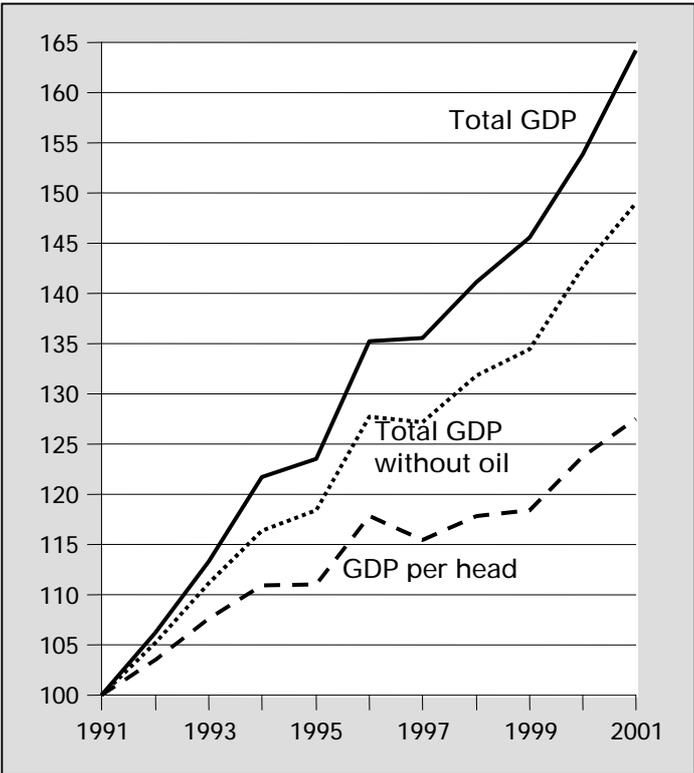
of both dimensions inevitably requires a balance between private enterprise and regulation—the challenge being on the public sector to support rather than control by regulation.

**By increasing the rate of economic growth**

The first economic challenge faced by Iran is to increase the growth of the economy as a whole. Recent growth has been insufficient either to create employment on the scale needed or to provide the tax base to finance necessary state efforts in health, education, welfare, infrastructure and environmental protection.

The Third Five Year Plan (2000–2004) aims to raise the growth rate of total GDP to 6 percent (about 4.4 percent annual growth in GDP per head). This aim is both highly ambitious and somewhat complacent. It is ambitious in two senses: it would place Iran among the fastest growing countries in the world and it would imply a considerably higher growth rate than Iran has achieved in the recent past (about 4 percent for GDP and 2.5 percent for GDP/head). Paradoxically, the aim is also modest in that it is formulated as the minimum necessary for the unemployment rate to stay at its existing level, which is already unacceptably high. The Third Five Year Plan clearly implies that a major shift in economic orientation is needed to achieve significantly faster growth. Recent studies by the ILO indicate that the minimum necessary growth rate should be closer to 8 percent to maintain the current unemployment rate.

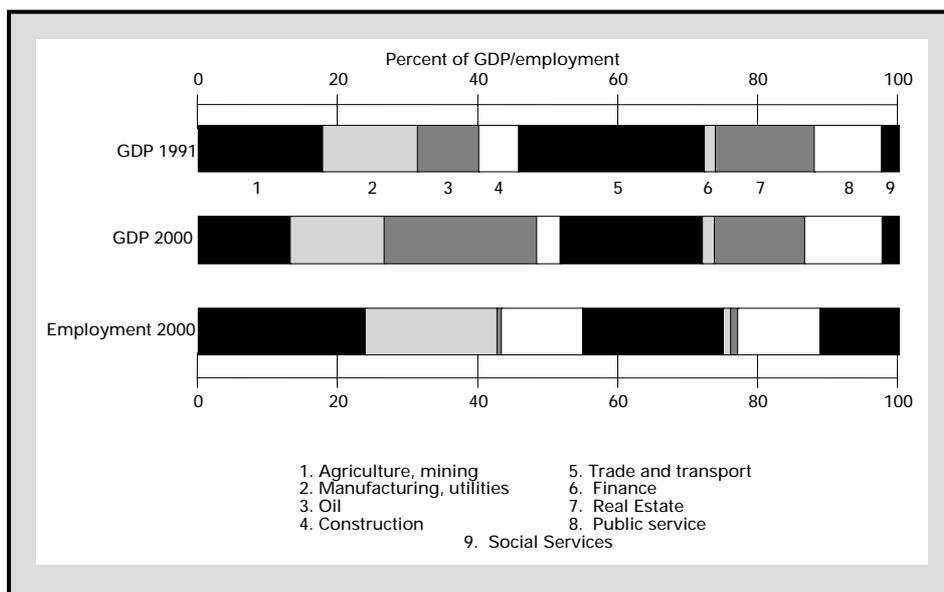
**Figure 1.5 Index of real GDP, 1991–2001 (1991=100)**



Source: SCI 2003

While oil is the dominant sector of the Iranian economy, the majority of its GDP originates from services (see Figure 1.6). During the 1990s, the sectoral structure of GDP changed with an increase in the oil sector (due to the restoration of oil prices) and public service (measured essentially by the total pay received by government administrative employees), shown in the last four categories of Figure 1.6. The relatively large size of the real estate sector does not conform to international norms and is illustrative of the excessive importance of non-productive, rent-seeking activities in the economy. The share of GDP occupied by agriculture has declined during the same decade, partly due to the effects of drought. Manufacturing has remained mostly constant.

**Figure 1.6 Sectoral composition of production and employment**



Source: SCI 2000

For a higher growth rate to be achieved, it is necessary to raise the proportion of the national product invested annually in production activity and environmental protection. During the 1990s gross investment fluctuated between 22 percent and 35 percent of the GDP (See Figure 1.7). However, with depreciation estimated to be as much as 20 percent of GDP, net investment has been inadequate and remains lacklustre. Liberalisation of the economy and the expansion of activities to private investment can be expected to raise the overall level of investment. It is difficult to produce an exact target figure because investment of the right kind will produce output and employment more effectively (i.e. have a lower capital/output ratio or be more labour intensive). At present, it is clear that the target ought to be more investment of the right kind rather than any particular figure. Nor is it a matter of investing exclusively in the public or private sectors. Investment is needed in health and education, in improving social infrastructure, in the production of useful goods and services, in the expansion of non-oil exports, in projects that protect the environment and create employment. These aims require a careful selection of priorities on the part of the public sector as well as economic incentives that encourage private investors to invest in useful activities. Two major problems have been identified with present investment patterns:

- the public sector has concentrated too many resources on large-scale investments with long gestation and pay-back periods (reflected in an inordinately large national capital-output ratio of around 10), tying up capital and creating inflationary pressure
- the private sector has been too involved in short-term, unproductive, speculative investments seeking to take advantage of shortages and market distortions

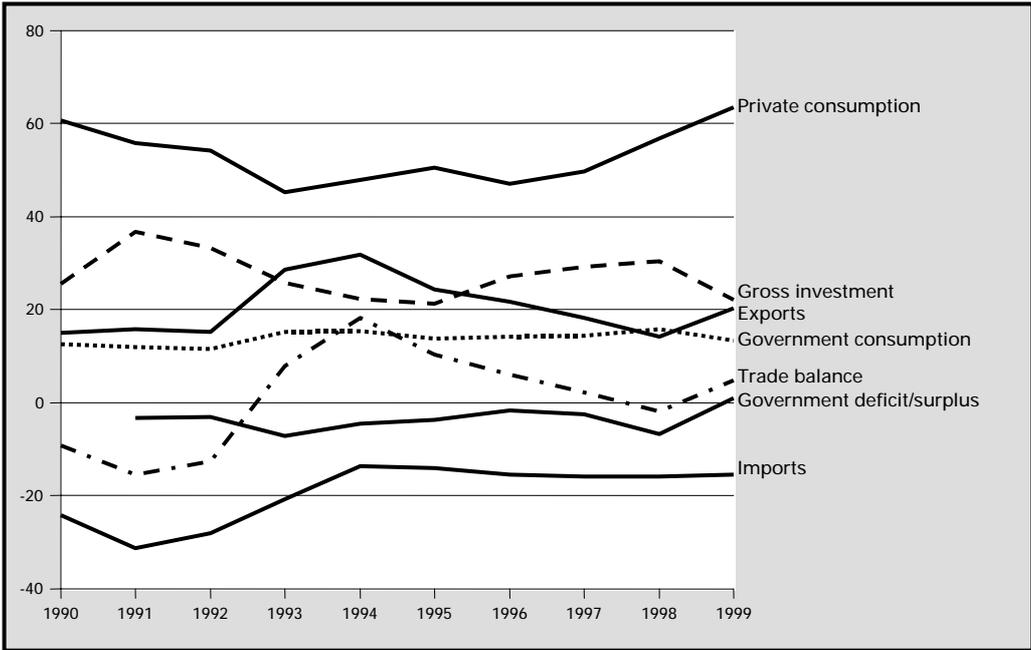
Rectifying these problems, by judicious investment and pricing policies, would increase the productivity of investment and would help to construct what the Iranian economy at present largely lacks – a sound base of small and medium sized enterprises.

#### **By rectifying macroeconomic imbalances**

Imbalances between government income and revenue, supply and demand for money, and imports and exports tend to produce uncertainty, which discourages productive investment and encourages unproductive rent seeking activities. Major imbalances are often dealt with by unforeseen emergency measures that make long-term development planning more difficult. Iran has had its share of such crises in recent years though the situation is improving. The government has reduced the large fiscal

deficits that were once habitual (see Figure 1.7). Inflation has eased a little, having dropped from 25 percent in 2000 to its present rate of 15 percent (although many observers believe that it is higher). This is to be expected, given that in 2001 the money supply expanded by 27 percent. Despite nominally high interest rates, inflation has continued and has a perverse effect because it encourages the search for inflation-proof, often speculative assets. Those who earn wages and salaries or receive welfare benefits remain behind the inflation curve while only those who secure inflation-proof assets stay ahead of it. A successful reduction of inflation, without a recession, will punish speculators and redistribute income and demand in favour of the poor, stimulating both growth and employment.

**Figure 1.7 Macroeconomic aggregates as percent of Gross Domestic Product**

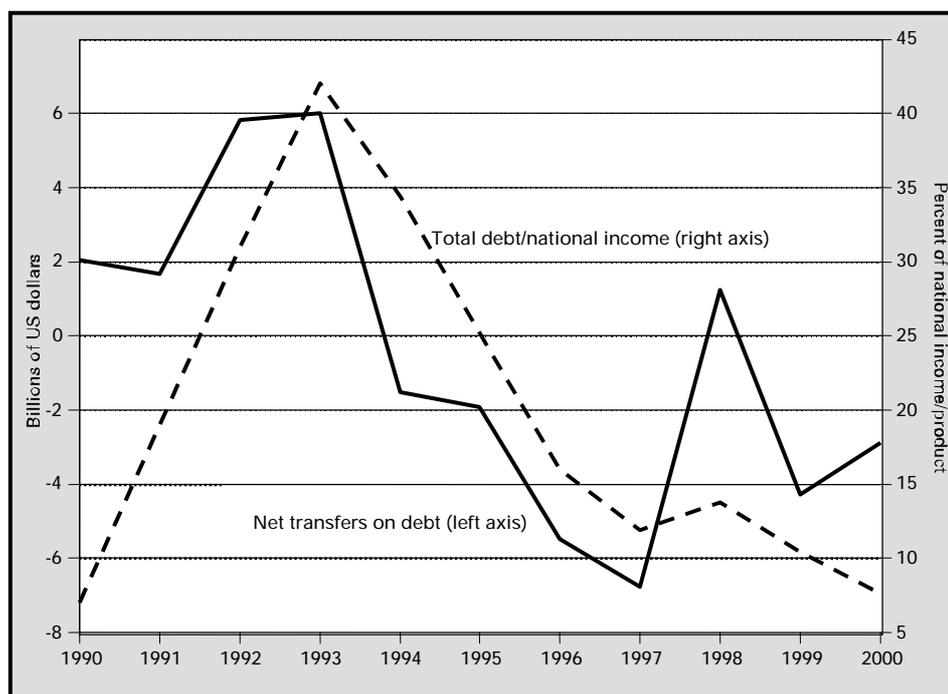


Sources: SCI 1996 and 2000

Since the mid 1990s, Iran’s international economic accounts have improved. In common with other oil producers, however, Iran was forced into major debt at the start of the 1990s. Overall debt rose from 9 to 22 billion US dollars in just four years from 1990 to 1994. This led to a considerable debt crisis that was overcome through a recovery in oil prices. Since 1994, Iran has been repaying its debts on a large scale. Debt service rose to a maximum of almost one third of export earnings. As shown in Figure 1.8 there has been a massive net outflow of funds to the creditors but debt stocks have been greatly reduced. In 1994, Iran owed the equivalent of 34 percent of its national income and 113 percent of its exports; by the year 2000, these figures had been reduced to 7.6 percent and 26.4 percent respectively. During this process Iran’s debt has been transformed and it is now much smaller, largely owed to private creditors and almost half of it is short-term debt. Iran is now much less vulnerable to a further debt crisis. However, fluctuations in oil prices that led to the debt crisis remain a source of uncertainty against which increasing reserves are held.

The government took advantage of the improved balance of payments to increase reserves as an insurance against future fluctuations in the oil price. Without oil, Iran’s balance of payments continues to be vulnerable. Figure 1.7 shows that while imports have been controlled as a share of the national income, exports continue to fluctuate. The balance of trade has been largely positive since 1992 but has not shown signs of significant improvement. Dismantling import controls and lowering tariffs will permit imports that are complementary to new productive investments. However, these may initially raise total imports at a time when only a few sectors are in a position to gain new export markets. Due to the recent drought, increased food imports (especially of wheat) have also put pressure on the balance of payments. Thus, the pursuit of a more vibrant non-oil export sector is another challenge that Iran faces. This will also make the country less dependent on attracting foreign investments to balance international payments.

**Figure 1.8 Indebtedness and debt transfers, 1990–2000**



Source: World Bank, *Global Development Finance 2002*

### **By decentralising economic governance and planning**

Iran's system of economic management has a top-down structure in which the central government possesses great control over access to resources, allocation of resources and licensing. Excessive centralisation and regulation has introduced a distorted pattern of incentives that encourages economic agents to pursue rent-seeking and speculative activities rather than productive investments. As a result, investment and growth are reduced and a vicious circle develops of low growth, small market, and low tax revenues. The purpose of the partial deregulation of the economy that is already underway as part of the Third Five Year Plan is not to eliminate the central government's direction of economic affairs but to change the nature of its management. The removal of a distorted system of incentives is hoped to unleash the initiative of private entrepreneurs and of provincial, city and village authorities to pursue explicit human development goals at all levels of government.

A frequent complaint against the excessively centralised system of economic authority is that it leads to uncoordinated and inconsistent decisions in different sectors. Decentralisation will have to be matched by the establishment of cooperation between institutions at all geographical levels to ensure integrated and consistent planning. Devolving, deregulating and substituting some administrative decisions by market based ones is a complex process that will have an impact on almost all citizens. These measures will harm some citizens and benefit others and may meet with political opposition and prove difficult to implement. One solution to this problem would be to present the policy not as separate ad hoc measures but as a comprehensive plan designed to benefit the economy as a whole, stimulate overall growth and redress inequalities of distribution.

One of the most challenging aspects of economic reform is the government's array of subsidies. At present, many items of private and business consumption are heavily subsidised by the state: gasoline and other forms of energy, transport, inputs to agriculture such as fertilizers, pesticides and water and many food products including flour and bread (the main component of the Iranian diet). While some subsidies have recently been reduced, those still in existence inevitably create distorted incentives and perverse results. Items that are costly to the economy (such as wheat, a growing amount of which is imported, or hydrocarbon fuel, which contributes to pollution) are sold cheap to users.

Furthermore, subsidies do not reach many of those for whom they are intended. Of the poorest 10 percent of households, all below the national poverty line, less than half (46 percent) receive benefits in cash or kind, although they all gain something from subsidised prices. Of the second poorest group, only a quarter receive benefits. About one half of assistance in cash or kind goes to the top 80 percent of families, some assistance being received by as many as one in nine of the richest fifth of the population.

This perversity in distribution has been attributed to a tendency to make allocations in kind to public employees through their government departments. In addition, the rich, along with everyone else, benefit from subsidised market prices for food and energy. Radical reform of such economic policy would be an important step towards a more efficient allocation of resources. The abolition of subsidies that have unintended effects would improve the structure of incentives, assist environmental goals and liberate financial resources that could be used for a much more targeted system of subsidies or benefits to the most needy sections of the population.

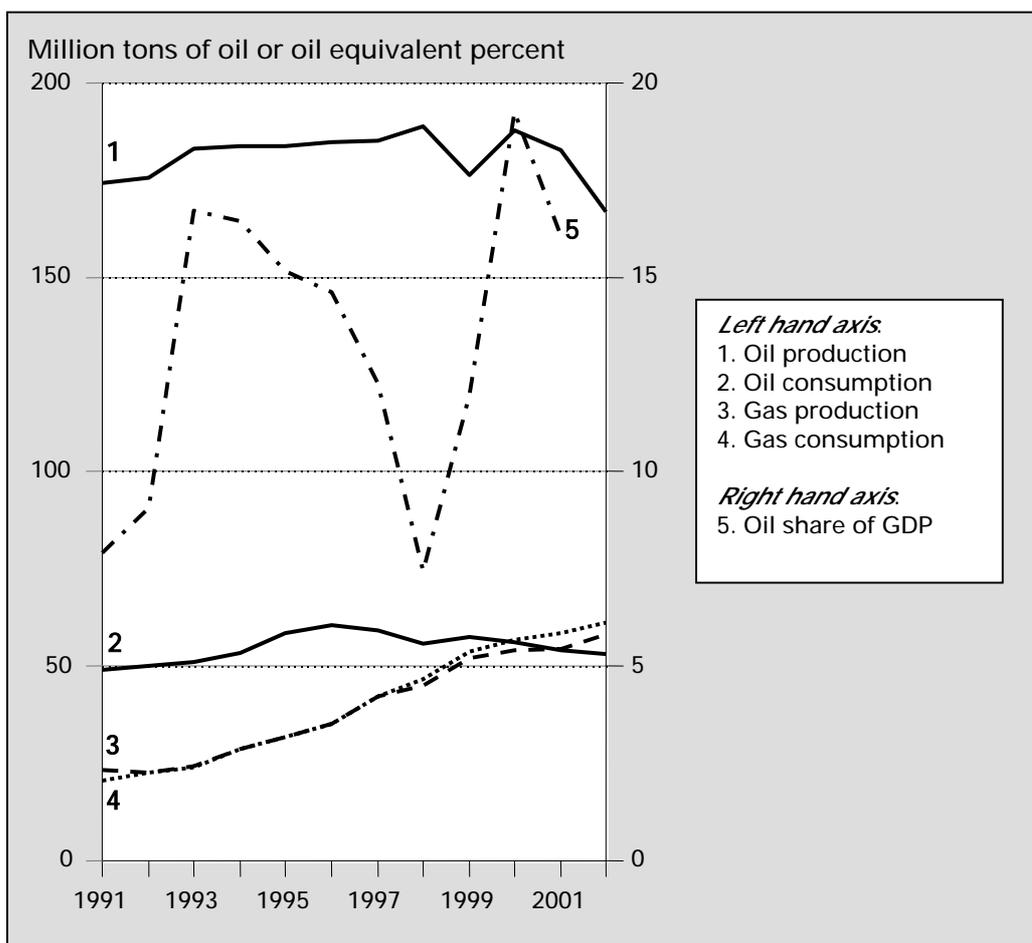
This process of economic reform is already underway in Iran. The challenge is to maintain the momentum, to prevent disruption and market chaos and to ensure a new form of economic order characterised by greater equity and efficiency.

### **By maximising the benefits from petroleum and gas resources**

Iran has an oil-rich economy. For more than half a century oil has been its principal industry, its overwhelmingly important export and a major influence on all aspects of economic life. In the last two decades, natural gas has also emerged as a major sector. This will be the case for many decades to come since Iran has the world's fourth largest proved oil reserves (8.5 percent of the world total) with a reserve/production ratio of 78, and also possesses the second largest proved natural gas reserves (14.8 percent of the total). This endowment represents the immense wealth available to the people of Iran in their pursuit of higher levels of human development, and no challenge is greater than that of ensuring that it is not wasted.

Since 1991 the production of oil has been maintained at a level between 175 and 188 million tons a year (between 3.5 and 3.8 million barrels a day), making Iran the world's fourth largest producer. Around 30 percent of this production is consumed nationally and the other 70 percent exported. The revenue produced by these exports plays a crucial role in financing the imports of consumer and capital goods and in other foreign obligations such as debt service. During the last two decades natural gas production and consumption have increased rapidly; virtually all production is domestically consumed. Gas has replaced oil in many uses. As a result, oil production per head and per unit of GDP has declined significantly, as is clearly implicit in Figure 1.9, while gas consumption per head and per unit of GDP has risen with favourable consequences for both economic and ecological efficiency (see Section 1.12).

### **Figure 1.9: Oil and Gas Production and Consumption, 1991–2001**



Sources: BP, Statistical Review of World Energy 2003; SCI 2003

As the export price of oil has fluctuated considerably during the last decade, relatively constant oil production has not translated into constant contribution to the GDP. Between 1991 and 2001, the oil sector's direct contribution to GDP varied between 7 and 20 percent (see Figure 1.9, line 5).

Natural resource endowments often lead to economic decline or eclipse. This is common but not inevitable. Whether the resource impact is positive or negative depends on the management of the resources and of the pattern of incentives that their exploitation generates. They can produce the resources for human development objectives or they can produce a lack of economic discipline and efficiency that spells disaster while the natural wealth is used up.

The natural resource-based energy sector in Iran has been undergoing a fundamental change. Once a huge net exporter of oil, the country now uses almost as much hydrocarbon energy as it exports. While oil consumption has begun to decline in recent years, rapidly rising gas consumption has been supplied almost entirely from newly exploited national resources.

However oil exports still produce large but fluctuating amounts of foreign exchange. In recent years, the Iranian government has correctly taken an increasingly conservative stance towards these revenues by using them to pay off debts and increase reserves to compensate for future fluctuations. Maximising the positive impact of oil resources means conserving profits as they become available and not creating an economy based on subsidies that become unaffordable when oil prices fall.

Oil revenues also tend to support excessively high exchange rates that can encourage unnecessary imports, discourage the export activities of other sectors, in particular agriculture and manufacturing, and necessitate subsidies for unprofitable activities. Maintaining the correct equilibrium between the exchange rate, the rate of inflation and the level and direction of subsidies is one of the major challenges of macroeconomic policy in an oil-dominated economy. This challenge requires more careful study in Iran.

Perhaps the greatest challenge of hydrocarbon wealth is how to direct it towards the most productive sectors of the economy to stimulate human development, create employment and eliminate poverty. It remains difficult for the oil industry to achieve this challenge as it is a sector that creates little direct employment. Oil income, however, can support government social programmes in health and education and should also be used to support investment in manufacturing, especially labour intensive manufacturing. One way of doing this would be to finance small and medium scale, employment-creating enterprises in the private sector of which there is a notable shortage in Iran (see section 1.5).

## 1.5 Generating employment

Even though Iran's active labour force is small compared with the size of the population, mass unemployment, especially of young workers, now presents one of the country's major challenges. In the eight years between 1991 and 1999 the number of people employed in the economy increased from about 13 million to about 15.5 million, less than 2 percent a year. However, unemployment rose from about one and a half million to nearly 3 million, an annual rate of increase of nearly 9 percent. In other words, jobs were created for less than 60 percent of people who entered the labour market. The labour force is now growing faster than ever due to the population bulge now aged 10 to 20 and the increase in the expectations of Iranian women to participate in the labour force. In addition, many workers have low productivity and equivalently low paid jobs, which requires an increase in both the number of jobs and their quality and productivity. In the short term, jobs need to be created at a rate that is approximately twice as high as in the years from 1991 to 1999 — in other words, at least half a million new jobs a year.

**Table 1.1: Labour force participation rate by gender**

	Total	Men	Women	Women's share of labour force
1976	42.6	70.8	12.9	14.8
1986	39	68.4	8.2	10.2
1996	35.3	60.8	9.1	12.7
1999	36	61.6	9.8	13.4

MPO 1999-C

**Table 1.2: Women's share of wage employment in the non-agricultural sector**

	Share of non-agricultural wage employment		
	Urban	Rural	Total
Age 15–24	12.3	12.2	12.2
Age 25–44	16.6	7.7	14.1
Age 45–64	9.9	3.8	8.4

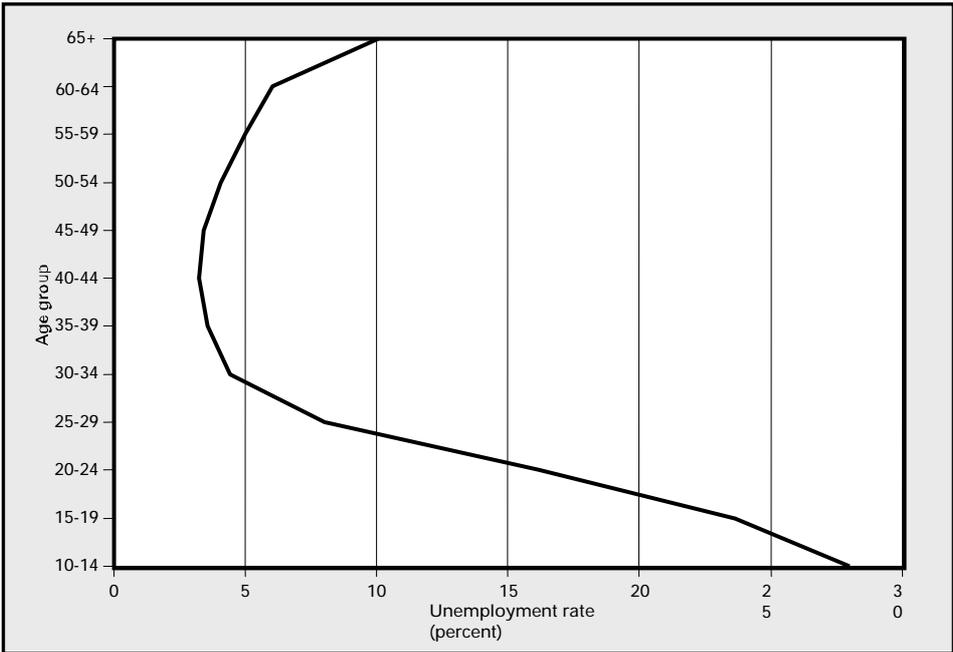
Source: UN/Government Theme Group on MDGs for Iran 2003

The economic dependency ratio (the ratio of unemployed to employed people) is exceptionally high in Iran (395 dependants for every 100 employed people compared, for example, with 98 per 100 in Holland). This is due to four factors; the young (under working age) are numerous, although they are beginning to diminish proportionally; the older population (past working age) is relatively small but growing fast due to greater longevity; only a small percentage of women participate in the workforce (see Table 1.1); and a high number of people are unemployed. Rules and norms about working age change slowly, but women's participation is beginning to change rapidly and unemployment is growing fast. The reduction of the economic dependency ratio must be prioritised as it has a profound effect on economic growth, the standard of living, the degree of equality and social and political stability.

**By pursuing strategies to develop youth employment**

Iran currently faces a massive challenge in bringing the benefits of human development to fulfil target 16 of MDG No. 8 to “develop decent and productive work for youth.” Figure 1.10 and Table 1.3 show that unemployment is disproportionately high among the younger age groups, women and those over 60. The unemployment rate of women aged 15–24 for the whole country has risen from 26.8 percent in 1996 to 40.6 percent in 2001; for men the equivalent figures are 20.5 percent and 35 percent (see Table 1.3). For young men, urban unemployment is slightly higher than rural unemployment; for women it is considerably higher.

**Figure 1.10: Unemployment rate by age, 1999**



Source: MPO 1999

**Table 1.3: Unemployment rates of men and women aged 15–24 in 2001**

	Men	Women
Urban	35.6	57.8
Rural	34.3	26.2
Total	35.0	40.6

Source: UN/Government Theme Group on MDGs for Iran

**By pursuing effective planning choices**

Meeting the challenges of economic growth and governance will also improve prospects for expanding employment. But job creation is not just a side effect of economic growth. Indeed, economic growth often destroys more jobs than it creates. Paradoxically, growth that creates jobs means a relatively larger expansion in activities that have a high ratio of labour to output or relatively low labour productivity. A simple measure of labour productivity is not the right measure of economic efficiency in general. Economic efficiency means producing optimum results from all economic resources available. Activities with high labour productivity are often ones that use scarce capital or raw materials in a profligate and uneconomic way. Hence, where labour is abundant, as it is now in Iran, it is economically and socially logical to seek out activities that create more jobs. This requires a selection of labour intensive industries and activities and also a selection of labour intensive techniques, where alternatives exist.

In the recent past, the capital cost of creating jobs varied greatly. The cost was highest in the oil and gas sector and lowest in construction. It was also lower in manufacturing when compared to agriculture or services suggesting that some potential has been found for viable labour intensive investments in the manufacturing sector, expanding the small and medium sized enterprise sector. In a list produced by the Institute for Advanced Education and Research on Management and Planning, the sector identified with the highest direct and indirect labour absorption potential was non-residential construction, followed by residential construction and a number of manufacturing sectors – flour and rice milling, carpets and rugs, cloth trades, bread, confectionary and chocolate, sugar, textiles (weaving), leather shoes, other clothing and textiles, wood products and seafood and fishing. There is no reason why the use of labour intensive methods in such sectors could not make inroads into the unemployment problem and at the same time economise on investment. Opening up more branches of vocational education to women would help meet this challenge.

Information and new communication technologies offer an exciting opportunity to influence growth and employment. The Internet has the capacity to create jobs with small capital outlay and generate rapid employment. It has the characteristics of large self-employment capacity, is easily learned, can create jobs in specific scientific fields with high technology and can generate foreign exchange. Software engineering, design and export can be developed as a strategic competitive advantage concept. Should the number of Internet users grow at the existing rate<sup>4</sup>, it is predicted that 150,000 jobs will be created each year in Internet-related fields, making a total of 800,000 jobs in the period 2000 to 2005. It is estimated that each job in the Internet sector costs 30 million rials.

### **By improving human capital**

Employment creation also requires the presence of human capital that is talented, trained and skilled. While Iran currently possesses a large surplus labour supply, many observers note that there is a shortage of multiple kinds of skilled labour. This may be due in part to the skill drain produced by emigration. Measures that encourage the return of some of the many thousands of skilled Iranians émigrés could improve rather than worsen the prospect of employment creation. The provision of training to expand and redirect vocational education to include business-oriented skills, would also assist effective employment creation.

### **By correct treatment of the informal sector**

The informal sector is that area of the economy in which small-scale, unregulated activities enable a sizeable part of the population to improve their livelihoods. In Iran, as in many other countries, a large proportion of the population is active in the informal sector. Often people with formal sector jobs are also part time participants in the informal sector. Even more frequently, some household members are active in the informal sector while other members of the same household have regular employment. The scale of the informal sector is not known with any accuracy but estimates suggest that between one third and one half of the population in Iran are participants. Some evidence about the importance of the informal sector may be given by looking at the sources of household income listed in Table 1.4.

Some, but by no means all, of informal sector activity is unproductive for the economy as a whole. Although the sector provides useful goods and services, it remains outside of economic and environmental controls and usually makes no contribution to tax revenues. Experience in other countries suggests that attempts to eliminate the informal sector are counter-productive. But successful

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<sup>4</sup> In 1996 only 2,000 users were benefiting from Internet. That numbers rose to 5,000 in 1997 and to 22,000 in 1998, jumping to 130,000 users in 2000. The number of users was expected to rise to 400,000 in 2001 and to 1,300,000 in 2002. With 100 ISPs in Iran and a possible 1,300,000 users, each ISP must own 1300 telephone lines (which is impractical). In 1997, Iran enjoyed 4.5 megabytes to 5 MB speed range per minute while in 2000 the speed range in the country was about 30 MB per minute. This was unbalanced, though, as a great part of that range is used to receive data and only a small part is employed to relay data. In other words in 1997 each user used one KB from an Internet server on average, but in 2000, 30 MB was divided between 130,000 users, providing only 0.23 KB per minute to each user.

promotion of formal sector employment will reduce the pressures that force people into informal activities for survival. And an improvement in the climate for small and medium-sized private business will result in the conversion of some informal activities into formal endeavours that make a greater contribution to the economy.

**Table 1.4 Level and sources of household income (urban and rural)**

	Urban	Rural
Income (000 rials)	22,387	13,047
Sources (percent):		
Wages	33.3	29.8
Public	19.8	10.8
Private	13.5	18.8
Self employment	31.1	49.5
Agricultural	3.0	32.6
Non-agricultural	28.1	16.9
Other	35.6	20.7

Source: SCI 2000

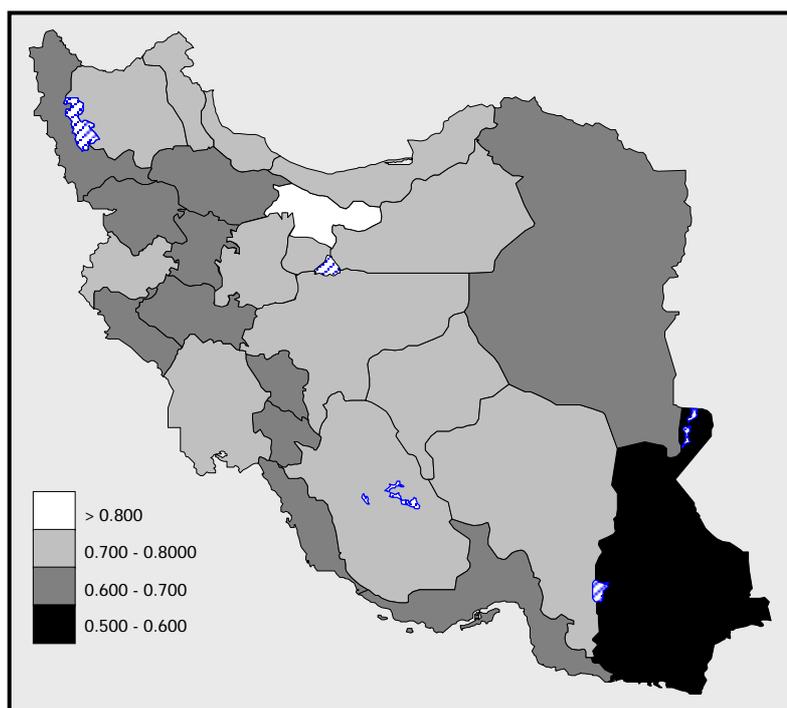
## 1.6 Reducing inequality and poverty

National averages conceal multiple inequalities – between men and women, young and old, rich and poor, employed and unemployed, inhabitants of different regions. The challenge of human development is not only to increase general indicators in a society but to extend them equitably to all parts of the population. By prioritising needy areas and vulnerable groups, average human development and equity can rise in tandem.

### By tackling inter-provincial disparities

All of the indicators that comprise human development and other related indices show wide disparities among Iran's provinces. Figure 1.11 helps illustrate the geographical distribution of human development and more specific inter-provincial disparities are shown in Table 1.5. For an international perspective, the province with the lowest HDI is at the approximate level of Cambodia and the province with the highest HDI is close to the level of Slovakia. This disparity indicates that the country's overall development indicators will be shaped by how rapidly the lowest provinces catch up.

**Figure 1.11: Provincial disparities in the HDI, 1996**



Source: NHDR 1999

**Table 1.5: Indicators of inter-provincial inequalities, recent year**

Variable	Iran value	Best value	Worst value	Best province	Worst province
Life expectancy (years)	69.2	70.5	61.1	Tehran	Sistan and Baluchistan
Adult literacy percent	72.9	84.7	48.1	Tehran	Sistan and Baluchistan
Female literacy percent 15-24	94.1	98.7	67.5	Tehran	Sistan and Baluchistan
Male literacy percent 15-24	97.3	98.9	83.8	Chaharmahal and Bakhitiari	Sistan and Baluchistan
Combined enrolment	75.9	82.9	61.3	Tehran	Sistan and Baluchistan
Net primary enrolment (percent)	97.0	99.8	76.7	Tehran, Semnan	Sistan and Baluchistan
Ratio female to male literacy 15-24	96.7	100.6	80.5	Tehran	Sistan and Baluchistan
No access to improved water (urban)	1.1	0	18.4	Tehran and 7 provinces	Sistan and Baluchistan
No access to improved water (rural)	14.9	0	51.2	Ghazvin	Sistan and Baluchistan
No access to sanitation	35.7	14.7	58.9	Tehran	Sistan and Baluchistan
Income of poorest 20 percent (Index)	100	193	52	Tehran	Kohkiloyeh/Boyer Ahmad
Under 1 mortality	28.6	26	70	Tehran	Sistan and Baluchistan
Under 5 mortality	38.6	32.3	89.7	Tehran	Sistan and Baluchistan
Births attended by trained	89.6	99.5	38.8	Gilan	Sistan and

personnel (percent)					Baluchistan
Calorie consumption (index)	100	133.6	81.2	Kermanshah	Bushehr
Protein consumption (index)	100	133.3	85.2	Kermanshah	Kohkiluyeh/Boyer Ahmad
15–24 year old women’s unemployment rate (percent)	40.6	4.4	87.1	Chaharmahal/Bakhitiari	Lorestan
15–24 year old men’s unemployment rate (percent)	35.0	19.2	59.3	East Azarbaijan	Kermanshah
45–64 women’s share non-agricultural employment (percent)	8.4	22.5	2.6	Gilan	Sistan and Baluchistan
25–44 women’s share non-agricultural employment (percent)	14.1	20.6	8.1	Gilan	Sistan and Baluchistan
PCs per 1000 people (urban)	48.0	128.5	6.2	Tehran	Kordestan
Telephone lines per 1000 people	201	370	86	Tehran	Sistan and Baluchistan
Percent of parliamentary seats held by women	4.4	25.0	0	Bushehr	20 provinces

Sources: NHDR 1999; Demographic and Health Survey of Iran 2000; Drs Sayyari and Naghavi, “Maternal mortality rate measured by the reproductive age mortality survey (RAMOS) method, Islamic Republic of Iran, 1996.”; UN/Government Theme Group on MDGs for Iran 2003

### By tackling urban–rural differentials

A number of indicators show that in Iran, as in most parts of the world, many human development indicators are higher in urban areas. Rural areas in Iran have lower household incomes, related in part to the share of agriculture in their incomes and to the much lower rate of rural employment in the public sector (a relatively high paying sector). In addition, a number of services are generally less available in rural areas (see Table 1.6). Education statistics also show sharp differences between rural and urban areas. In 2001 in the 15–24 year old group, 97.1 percent of urban women but only 90.3 percent of rural women were literate (SCI, *Labour Force Survey*, 1997-2001). For men the gap also exists but is smaller - between 98.2 and 96.1 - (SCI, *Labour Force Survey*, 1997-2001), indicating that gender disparity is also greater in rural areas. As a result, the disparity between men and women’s literacy is also greater in rural areas. However, women’s literacy has been rising more rapidly than men’s, especially in rural areas (SCI, *Labour Force Survey*, 1997-2001).

Over the years, the Iranian countryside has undergone a major demographic change. The urban population has been growing at 3 percent a year while the total rural population has begun to fall. At the end of the 1990s, more than 60 percent of Iran’s population lived in towns and cities. Many rural villages have been deserted altogether, and although fertility rates continue to be higher in rural areas, the age of marriage for women has risen as much as in urban areas.

**Table 1.6 Selected urban–rural differentials, c. 1999**

	<i>Urban</i>	<i>Rural</i>	<i>Urban/rural ratio</i>
Household income	22,387	13,047	1.7
Public wages as percent of household income	19.8	10.8	1.8
Agricultural self employment as	3.0	32.6	0.1

percent of household income			
Public sector employment as percent of total	38.1	15.9	2.4
Population below absolute poverty line (percent)	10.43	22.63	0.9
Relative poverty (percent)	28	25	1.1
Share of lowest quintile of households in consumption	4.42	5.81	
Gini coefficient	44	39	
Access to natural gas (percent)	53	1.2	44.6
Access to electricity (percent)	99	78	1.3
Access to safe water (percent)	98.9	85.1	1.1
Access to improved sanitation	99.5	94.3	
Mean age of marriage (women)	22.5	22.3	1.0
Percent of 1 year old children immunised against measles	95.4	96.3	
Total fertility rate	1.8	2.4	0.75
Percent of births attended by skilled health personnel	94.5	69.6	
Modern contraceptive prevalence rate	55.2	57.3	
Under 5 mortality rate	36.8±6.4	34.6±5.9	
Infant mortality rate	27.7±5.6	30.2±5.5	
Literacy rate (aged 15+) (men)	88.7	72.7	1.22
Literacy rate (aged 15+) (women)	79.6	54.8	1.45

Sources: DHSI 2000, NHDR 1999, UN/Government Theme Group on MDGs for Iran

The trend of urban migration originates from a perception that there are more opportunities and a better life style available in the cities. Yet, that very idea is to some extent self-defeating because the growing urban populations create new problems by putting pressure on available resources. And at the same time, migration from the countryside often leaves rural communities in an unviable state. In this way, excessive migration worsens conditions in both urban and rural areas.

The challenge is therefore to stimulate rural development in such a way that the attraction of the city is reduced and a more stable and prosperous rural population maintains the viability of the countryside. This could bring important benefits for the standard of living, for demographic equilibrium and for the environment.

Extending services such as electricity, water and sanitation might lessen migration from rural areas. General deregulation of the economy would allow small and medium sized rural investments more freedom to flourish. Encouraging the development of smaller rural towns with high quality infrastructure that can attract both rural and large city dwellers will produce a more balanced residential structure in the country.

### **By attacking income inequality and capability poverty**

The distribution of variables within the whole population also reveals a number of disparities. A common general measure of income distribution, the Gini coefficient, gives a value for Iran of about 44 percent (where 0 is complete equality and 100 maximum inequality). This is close to the average degree of inequality in many other countries. Another more easily calculable measure of economic inequality is the ratio between the income or consumption of the richest and poorest 20 percent of the population. National figures show a 20/20 ratio of 10.5 to 1, which places Iran among those countries with a relatively high level of inequality (though not among the very highest). The inter-provincial range of this ratio, however, is very wide, varying between 13.5 to 1 in Khorasan, the most unequal province, and 5.7 to 1 in Khuzestan, the least unequal. Available evidence is ambiguous about whether

economic inequality in Iran has recently grown or decreased. Consequently, it is not clear whether the value of the HDI adjusted for income distribution would show better or worse performance than the unadjusted HDI. Estimates, however, do not suggest that these changes, whether positive or negative, have been very significant. A number of recent indicators suggest a slight downward tendency in levels of both absolute and relative poverty.

For those who belong to the deprived group, inequalities in different categories are reinforced and exacerbated. For instance, the average level of consumption of the richest 20 percent in the richest province (Tehran) is 32 times that of the poorest 20 percent in the poorest province (Sistan and Baluchistan). Female-headed households, especially those headed by older women, are much more liable to suffer deprivation than other households. And this relative poverty is likely to be even more serious if the households are rural ones in the poorest provinces. The fact that the richest fifth of the population of the richest province consumes at a level that is 32 times that of the poorest fifth in the poorest province illustrates the challenge faced by Iran in improving equality and overcoming poverty.

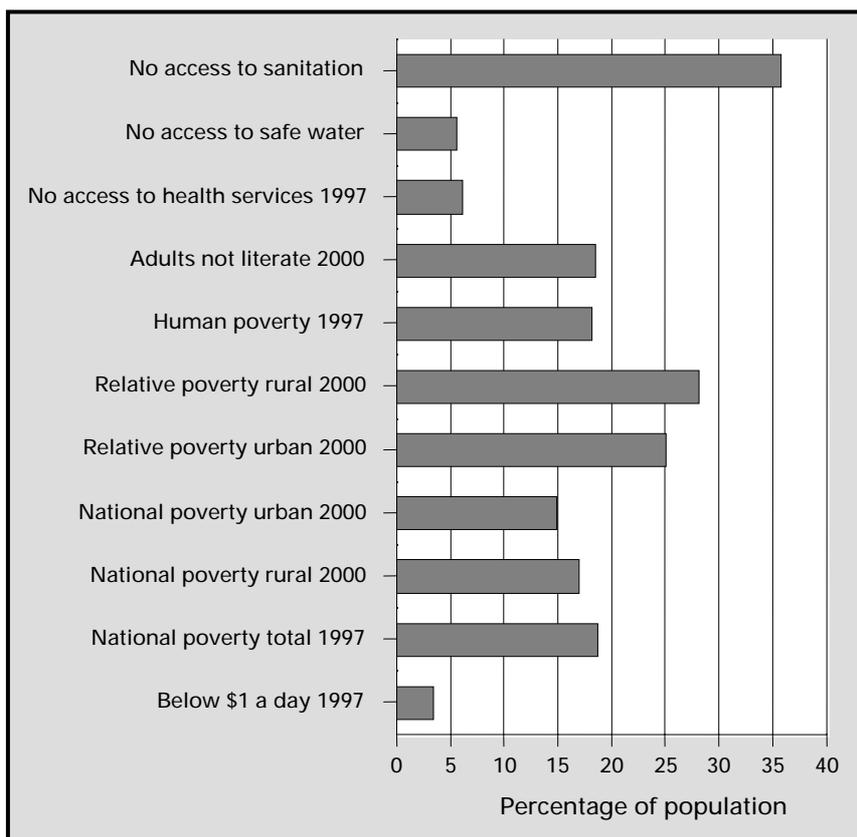
However, poverty is defined by more than just low monetary income. It is also defined by a lack of basic needs such as access to water, food, education and health. For this reason, addressing poverty requires taking into account both income and restrictions of capability.

Figure 1.12 shows a number of measures of both monetary poverty and of deprivation. While the poverty level is relatively low when measured by the commonly used yardstick of living on less than \$1 a day, all other measures reflect higher levels. The combined index of Human Poverty shows a poverty level of 18 percent of the population. The national measure (those with food intakes of less than 2200 calories a day) shows a similar level of poverty (slightly higher for rural than urban areas).

Raising the relative income of the poorest sections of the population requires addressing a number of interconnected lines of priority:

- development of relatively poor rural areas
- spreading development to the poorest provinces
- reducing unemployment, one of the major sources of relative poverty
- targeting subsidies on consumption, income and public service fees for those least able to pay
- identifying and tackling the demographic and socio-economic characteristics of especially poor and vulnerable groups
- designing taxation and pricing policies to help redistribute income from rich to poor
- improving the status of women by ensuring universal access to quality primary education and primary health care, including reproductive health
- widening access for all sectors of the population to new 'digital' sources of information and knowledge.

**Figure 1.12 Some measures of income and capability poverty**



Sources: MPO 2000, MPO 1999-B, NHDR 1999, Pajouyan 2000

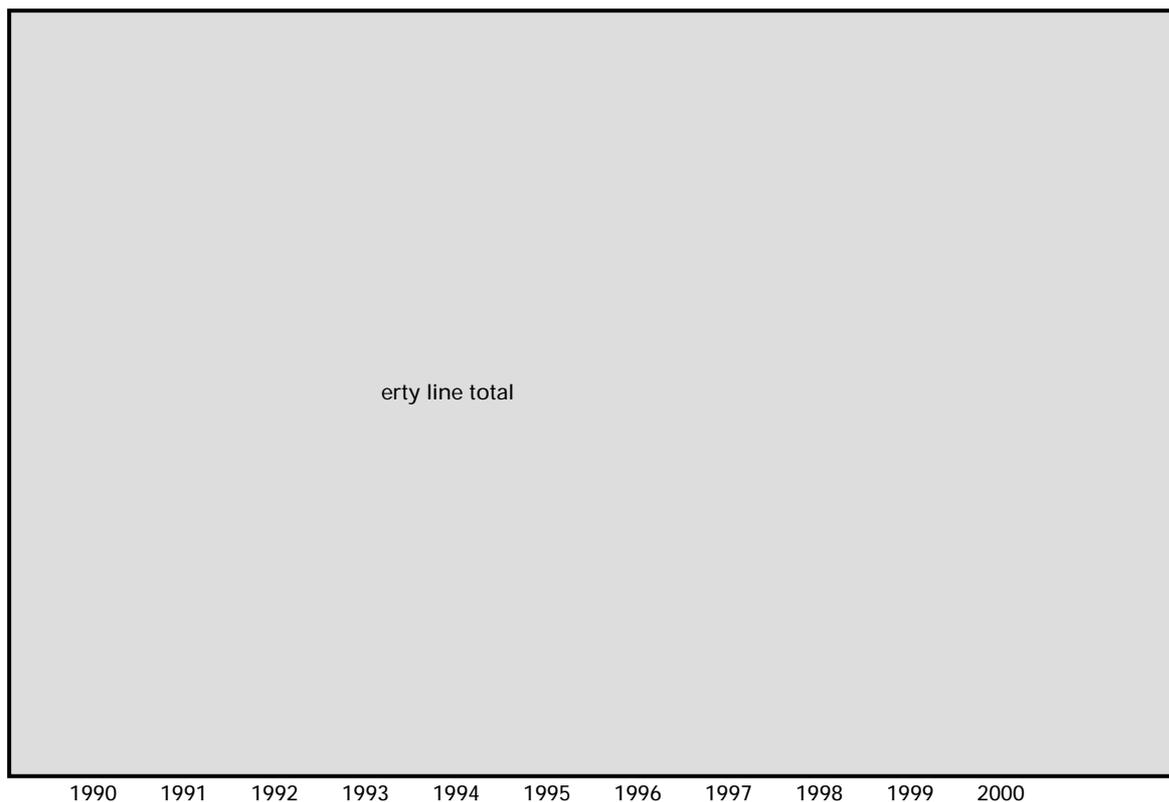
Note: The relative poverty line is two thirds of median income; the national poverty line is measured in terms of energy consumption of 2200 calories per day.

### By reducing the vulnerability of 20 percent of Iranian society

The first MDG, on poverty reduction, stresses the need to reduce the number of people living on less than \$1 a day (estimated to be about 3 percent of the population in Iran) and to reduce the number of people suffering hunger, about which detailed data is lacking. In 1997, however, over 15 percent of the population was estimated to be below the national (absolute) poverty line (defined as consuming less than 2200 calories a day). A second index (relative poverty) shows that 25 percent of the urban population and 28 percent of the rural population received less than two thirds of average earnings (see Figure 1.13).

Depending on which of the different indicators of poverty shown in Figure 1.13 is referred to, between 3 and 28 percent of the Iranian population is considered poor. While this difference is large, according to several of the definitions, about 20 percent of the population fall below the poverty line. The challenge of reaching MDG No. 1 and overcoming poverty is to identify and aid those 20 or more percent of people (at least 12 million) who are the most vulnerable.

**Figure 1.13: Evolution of measures of poverty, 1990–2000**

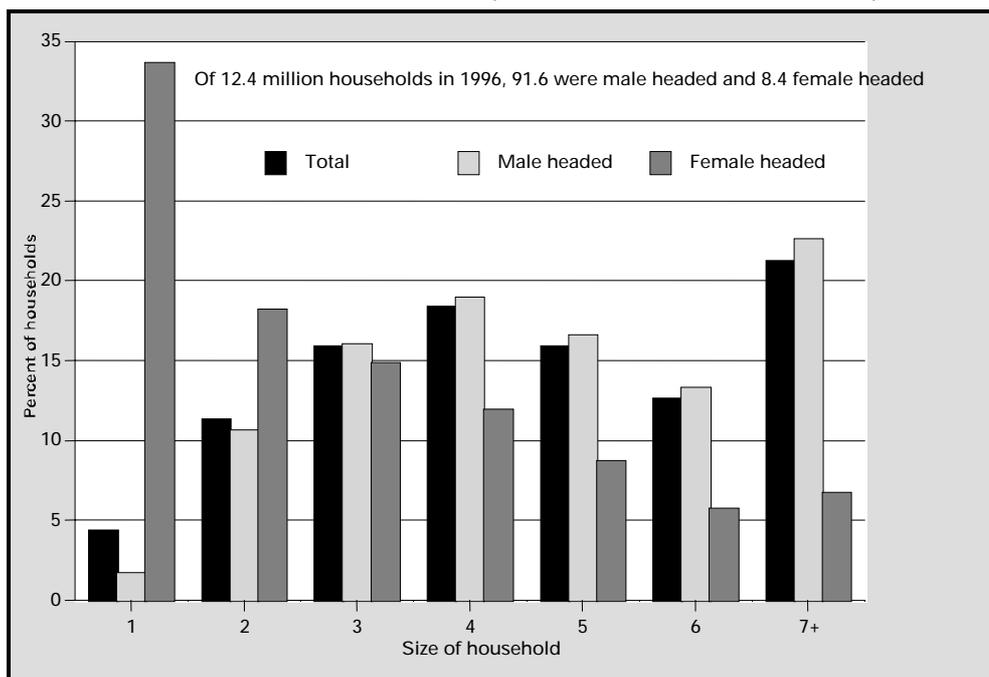


Sources: NHDR 1999, Pajouyan 2000, MPO 2000

Based on existing surveys about the composition of this relatively deprived fifth to one quarter of the population, the old, women and rural dwellers constitute a large share of this group. To obtain a more complete portrait of this vulnerable group, more detailed study needs to be conducted. From data obtained from household surveys, however, it is possible to derive some outlines of this group. For instance, Figure 1.14 shows that the composition of male-headed and female-headed households is completely different. More than one half of female-headed households consist of one or two people; more than half of male-headed households consist of more than 5 people. Other data shows that more than 80 percent of households headed by women over 60 years of age, and 70 percent of households headed by women of less than 20 years of age, consist of one or two people. The likelihood is that these households consist of a mother and one child or a daughter and one parent.

According to household income studies, such single-headed households are especially likely to live in poverty. Given that unemployment is highest among young and old people and women (see section 1.5), it is clear that older people (and members of their household), women and younger people are disproportionately represented among the poor. Finding targeted measures to improve their situation represents an important challenge.

**Figure 1.14 Distribution of sizes of household (total, male and female headed)**



Source: SCI 1999 and 2000

## 1.7 Improving the education system

Many factors have brought education to the forefront of development efforts. Studies have shown that the social, cultural and private returns of education are very high and that human capital is closely related to a country's progress. A recent increase in enrolment, a decrease in dropouts and advancements in literacy have enabled Iran to make great strides towards universal literacy and universal primary education (MDG 2).

### By continuing progress towards universal primary education

Nationally available information suggests that Iran is securely on track to achieving the MDG goal of 'universal primary education', which aims to ensure that all children will, by 2015, be able to complete a full course of primary schooling.<sup>5</sup> However, there are currently some statistical discrepancies relating to this issue, which require further consultation and investigation. According to the Ministry of Education, primary net enrolment rose from 92.2 percent in 1990 to 97 percent in 1998. Although the Ministry has not yet released data for 1999/2000, UNESCO data estimates suggests that the primary net enrolment ratio for 1999/2000 was 74.6 percent.

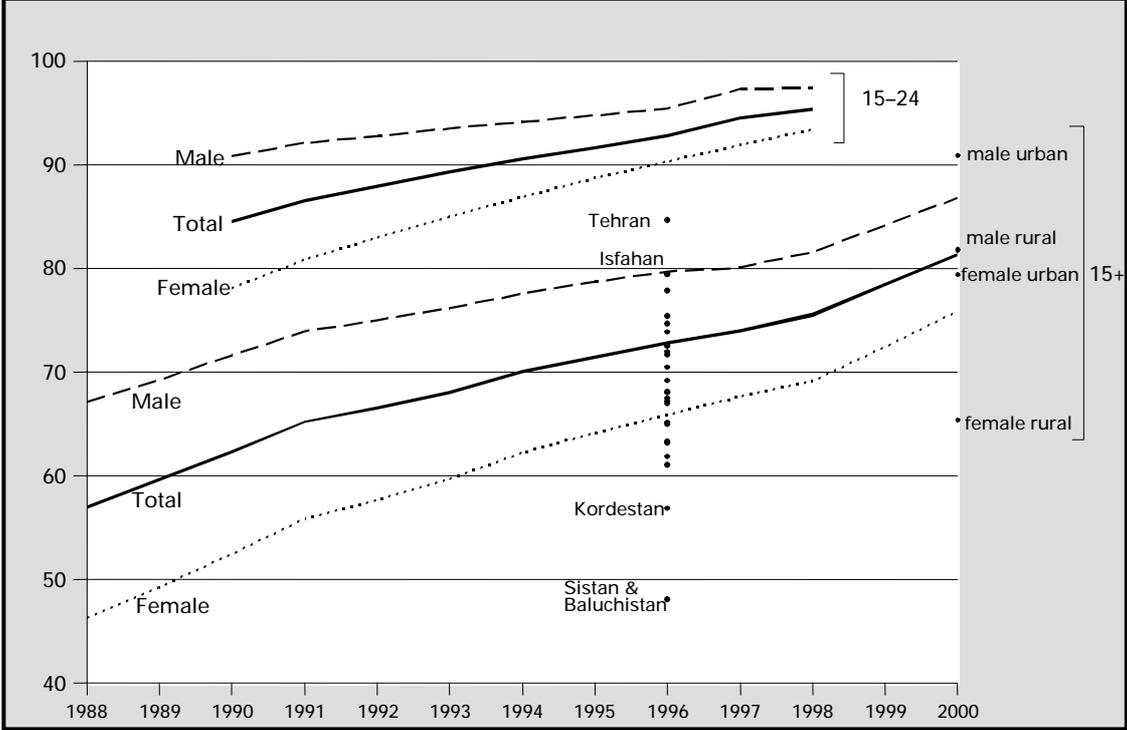
There is agreement that in order to attain 100 percent enrolment it will be necessary to bring the less educationally developed provinces, in particular Sistan and Baluchistan (with only 76 percent net enrolment in 1999), up to the level of the rest of the country. Further advancements are needed to ensure that all enrolled children continue until the fifth grade. Between 1990 and 1999, the continuation rate rose from 90 percent to 92.4 percent. More resources must be devoted to preventing dropouts if the goal of primary education for all is to be achieved. In particular, provinces with lower enrolment rates tend also to have lower continuation rates.

### By pursuing universal literacy

<sup>5</sup> See Annex One

Education indicators relating to coverage and literacy rates have improved markedly in Iran in recent years. Adult literacy has advanced steadily and in 2001 exceeded 80 percent. Figure 1.15 shows the steady rise of literacy during the past one and a half decades and Figure 1.16 provides a vivid depiction of the history of education in Iran, showing the results of its expansion over the last twenty years compared with the more distant past. At the extremes over 98 out of every 100 urban boys born 10 to 15 years ago were literate in 1996, while there were only 1.5 literate women in every 100 rural women born before 1935.

**Figure 1.15: Adult literacy, by gender and province and rural/urban residence 1988–2000**

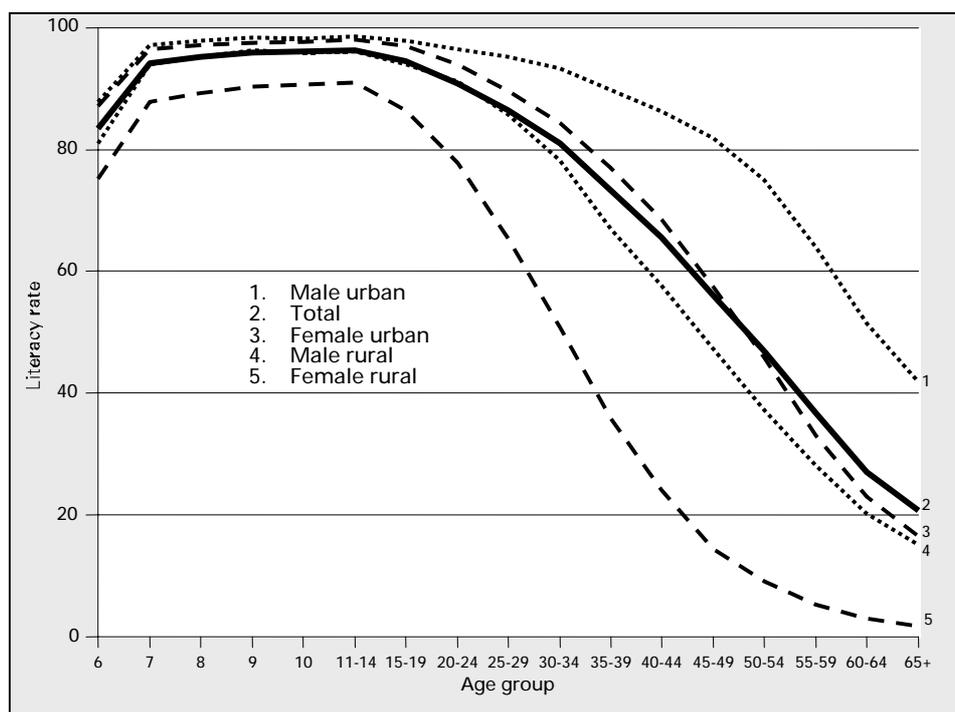


Sources: NHDR 1999, Ministry of Education 1999, DHS 2000  
 Note: the dots for 1996 represent the total literacy level for each province and those for 2000 give the latest figures for 15+ literacy levels

Literacy gaps continue to exist between men and women, between urban and rural areas, and between the most and least developed provinces. In 2000, for example, 94.2 percent of men in Tehran were literate while only 45.1 percent of rural dwelling women in Sistan and Baluchistan were able to read and write. It is expected that if present enrolment levels are maintained into the future, the level of literacy will continue to rise.

The higher literacy rates are due in part to the work of the Literacy Movement Organisation but above all, to rising primary school enrolment ratios. Combined primary, secondary and tertiary enrolment percentage rose from 65.6 percent in 1988 to 78 percent in 1994, after which it declined somewhat, though it probably remains more than 75 percent. This achievement is greater than appears in the percentages since the period of rising enrolment has also been a period of rapid increase in the population of school and college age. In 1986-1987, the total attendance in Iranian schools was a little over 11 million and the sex ratio was 137 boys to every 100 girls; by 2000-2001, the total had risen to more than 18 million with a ratio of 112 boys to 100 girls. During the same period, the number of primary school pupils rose by 16 percent and the number of secondary school pupils by 234 percent. Few countries have seen such a rapid rise in the number of pupils. Iran has already shown a great capacity to meet the challenge of providing education for all at a time when the school age population has been increasing rapidly. However, challenges remain.

**Figure 1.16: Literacy level by age, gender and rural/urban residence**



Source: SCI 1997

Enrolment in tertiary institutions has risen even faster than in primary and secondary schools. The number of students admitted annually to institutions of higher education grew from 46,000 in 1986–87 to 163,000 in 2000–01. For men the increase was nearly threefold (from 31,000 to 88,000), but for women it was much faster – from 12,000 to 90,000, which means that women in that year, for the first time, came to form the majority of newly admitted higher education students.

Total government spending on education has in recent years fluctuated between 4 and 5 percent of the national income (10–20 percent of the government’s budget). This is slightly higher than the world average and about equal to the average for middle-income countries. In most years, more than half of this spending has been used on primary education. However, spending on other levels of education has been increasing in response to demographic shifts and the fact that primary education extension automatically raises demand for higher levels. While public education is generally free, families also spend part of their income on education and training (over 2 percent of household income for urban households, a little less for rural ones).

In the 1990’s class sizes and the quality of teacher training in Iran improved. From 1991 to 1999, due largely to demographic changes, the number of pupils per teacher fell from 36 to 27; and the proportion of teachers with post-secondary qualifications increased from 22 percent to 41 percent. Drop out rates have also fallen significantly. While a significant number of children fail to receive sufficient schooling (especially girls in rural areas at the secondary level) the lower population in the younger cohorts should enable quality improvements to continue.

Despite these achievements, a number of educational challenges remain. There are many regions where education achievements still lag behind the national average. While overall primary enrolment had reached 97 percent by 1991, it remained at 76.7 percent (71.5 for girls and 81.8 for boys) in Sistan and Baluchistan (Mined 2000). This was partly due to the difficulty in persuading trained teachers to teach in remote and educationally deprived areas. Consequently, strong arguments exist for a more intensive use of radio and television and other innovative means of distance education, as well as better incentives for teachers.

Despite enormous progress, enrolment rates beyond the primary stage are still not adequate to provide education for all. As Table 1.7 shows, between one quarter and one half of 14 to 16 year olds are still not receiving formal education.

**Table 1.7 Enrolment rates 2001**

Enrolment Rates	Age	2000-1
Net	6-10	98.07
	11-13	75.16
	14-16	52.7
Age Specific	6-10	98.39
	11-13	89.82
	14-16	71.68

Source: Ministry of Education 2001

### **By making education more relevant to the labour market**

Educational success in Iran is producing a generation of young citizens who have received much more education than any previous generation. This represents a great accumulation of human capital for the country. However, both young people in general and young women in particular, suffer from especially high levels of unemployment. A greater quantity of education does not automatically translate into relevance for the economy. Educators sometimes retain too traditional a view of the appropriate content of educational programmes. These need to be reformed and expanded so as to produce a mix of skills that are more in line with employment opportunities, including more vocational training directed to such sectors as information technology and social services.

Familiarity with the basics of information technology can be placed alongside literacy and numeracy as a basic skill required for full participation in economic life. Workers with IT skills have become crucial to maintaining competitiveness in the import and export markets. For this reason, information technology must form part of school education, even for young students. In addition, resources must be provided to train teachers with the necessary skills to teach information technology.

Information technology must rapidly occupy a major place in vocational education in Iran. IT and communications programmes are needed to develop specialists in hardware and software development, management and in computer education. But in addition, IT must form a major part in the education of virtually all-skilled workers, from nurses to oil workers.

## **1.8 Improving health and nutrition**

The health status of Iranians has improved markedly over the last two decades. Iran has extended public health services throughout the country by establishing a community-based Primary Health Care network. Progress has also been made in the reduction of the child (under 5) mortality rate and the maternal mortality rate. Such progress demonstrates that Iran is on course to achieve MDGs 4 and 5, to reduce by two thirds and three quarters respectively, the under-five mortality rate and the maternal mortality ratio. Combating HIV/AIDS remains a greater challenge but advancements in this regard have been made. And Iran's network of health centres puts the country in a strong position to control the spread of malaria and tuberculosis, the other diseases referred to in MDG 6. While there have been epidemics of diseases such as cholera, in recent years, these have been successfully controlled. The numbers of malaria cases, in particular, have fallen sharply.

The last quarter century has seen the establishment of a network of health facilities throughout the country. In rural areas each village, or group of villages, has a health house, staffed by trained *behtarzy* (primary health care workers), to provide primary health care and family planning services. Over 15,000 health houses serve the rural areas (approximately one for every 1,400 people). In addition, rural health centres (which include a physician, health technicians and administrators) deal with more complex health problems. On average, there is one health centre for every 7,500 people. Similarly, in urban areas there are urban health posts and health centres. The entire network is managed and administered through district health centres, which are answerable to the MOHME. Medical education has also undergone a major restructuring and reform, increasing the quantity and quality of the country's medical personnel and the integration of its health system.

Since 1980, public health spending has fluctuated as a proportion of the GNP but has not fallen below 4.2 percent, with the median level at 4.8 percent. At the same time, the proportion of household spending devoted to health has risen, and in recent years has been around 11 percent of total household spending (SCI Household Spending Surveys). Even so, annual health spending is estimated to be only US \$5.5, of which \$3 is private spending (MOHME 2002).

It is the innovative network of health facilities, providing access to public health facilities to the overwhelming majority of citizens, which has been largely responsible for the recent positive evolution of many health indicators, particularly indicators 16 (maternal mortality ratio) and 17 (Proportion of births attended by skilled health personnel) of MDG 5 (see Table 1.8 and Annex 1).

Most of these statistics, tell of improvements in the health of the population. However, the lack of detailed mortality statistics for the whole country means that many conclusions related to health must remain tentative. Nonetheless, recently published sample surveys suggest that the country has already progressed a fair distance along the epidemiological transition characteristic of development. Type I factors (communicable diseases and perinatal causes) have to a great extent given way to Type II (non-communicable disorders) and Type III (accidents and other causes) factors as causes of death. The most significant causes of adult deaths – coronary-vascular diseases (23.8 percent), accidents (18.1 percent, a high proportion of which are traffic accidents), cancers and tumours (11.7 percent), diseases of the respiratory system (4.2 percent) and suicide 2.6 percent) – were all more important than communicable diseases which only accounted for 2.3 percent of adult deaths.

The emerging pattern of mortality, as well as the health problems linked to drug abuse and the related threat of HIV/AIDS, outlines some of the health challenges facing Iran. Before the overall health profile of the nation can be properly mapped, however, more information is needed on many aspects of mortality and morbidity in a number of areas including reproductive health. Data is scarce on rural/urban and inter-provincial differences in reproductive health indicators, and in particular on the reproductive health situation of adolescents and the ageing population.

**Table 1.8: Indicators of health**

Indicator	First date	Value	Second date	Value	Middle income countries latest
Life expectancy (years)	1988	61.6	1997	69.5	70
Infant mortality (per 1000 live births)	1970	122	2000	28.6	31
Child mortality (per 1000 live births)	1970	191	2000	35.6	39
Births attended by trained personnel	1989	70	2000	88	
Maternal mortality ration (per 100,000 live births)	1988	90	1996	37	
1 yr olds immunised against TB (percent)	1988	88	1997	98.3	89
Modern contraceptive prevalence rate (percent)			2000	55.9	
Adolescent (15–19) fertility rate (per 1000)	1996	54	2000	26.8	

women					
1 yr olds immunised against measles (percent)	1988	83	1997	95	90
Malaria cases per 100,000 people	1988	102.5	1997	64	
TB cases per 100,000 people	1988	15	1997	20.9	
AIDS cases per 100,000 people	1988	0.006	1997	0.3	
Doctors per 100,000 people	1988	49.9	1997	107.9	185
Daily per capita supply of calories	1988	2612	1997	3415	
Daily per capita supply of protein (grms)	1988	69.4	1997	87.3	

Sources: NHDR 1999, World Bank, *World Development Indicators 2002*, MOHME 2000

Note: the final column shows the average figure for the World Bank category middle-income countries in which Iran is included.

### **By further expansion of the national health system**

Between 1986 and 1999 total employment in the MOHME rose from about 170,000 to nearly 300,000 (an annual rate of increase of over 4 percent per year). The number of physicians grew by 6.5 percent per year. This is very rapid growth but it still leaves Iran comparatively poorly endowed with medical personnel. According to MOHME figures, there is one doctor for approximately every 2,500 people compared with an estimated one per 600 people in middle-income countries in general. Fortunately, this challenge is being met by an especially rapid growth of female doctors, as women now comprise the majority of medical students. These female doctors need to be given full access to all positions in the medical service for their skills to have maximum impact.

While universal health insurance coverage exists in principle, there are still sections of the population that do not have any access to health care, and more who are not adequately covered by the health insurance system. It is a major challenge to universalise the fulfilment of this basic need.

### **By narrowing gaps between provinces and rural–urban gaps**

There is still a nine-year gap between overall life expectancies in Tehran (over 70 years in 1996) and Sistan and Baluchistan (61 years). This reflects a large difference in infant and child mortality ratios. The probability of a child dying before the age of 5 is about 32 in 1,000 in Tehran but almost three times as much in Sistan and Baluchistan; and in another 9 provinces is more than 60 in 1,000. These figures, and the unequal inter-provincial rates of maternal mortality are clearly possible to improve.

A lack of investment in health clinics and other facilities in remote rural areas has helped to perpetuate the gap between town and countryside. In addition, since employees in the health sector receive relatively low pay, they have little incentive to work in difficult remote areas. The further expansion of rural health care facilities would not only answer a direct need but would also contribute to a reduction of the pressure towards excessive rural–urban migration, and so relieve some of the pressure on urban health centres.

### **By drug prevention and demand reduction**

One of the major social challenges faced by Iran is the high prevalence of illegal drug abuse and trafficking. The drug problem is a threat to health, security, life and social progress. Iran devotes large amounts of resources to dealing with this problem but finds itself in a precarious geographical position regarding international drug production and trade. A large element of the problem is beyond Iran's sole control.

The number of drug related deaths reached 2,106 in the year 2001, showing a 70 percent increase compared to 2000; nearly half of these deaths were in Tehran, Fars and Kermanshah provinces. In the same year, 4 tons of heroin, 8.7 tons of morphine, 80 metric tons of opium, and 46 tons of hashish were seized from drug traffickers. During the years 1979–2002, drug traffickers killed more than 3,200 police and law enforcement personnel.

According to the Rapid Situation Assessment implemented in 1999, 1 to 2 percent of the total population are drug abusers. According to records at self-referral treatment centres, 95 percent of Iranian drug abusers are males, mostly married, aged between 19 and 45 and of low-income status. The most common drug of choice is opium, followed by heroin with an average of two to three uses a day costing on average 150,000 rials per week.

The Iranian government has taken increasingly strict measures against drug-users and suppliers. Out of the total number of 345,139 detainees in 2000–2001, 70 percent were imprisoned on drug related charges. In the four-year period 1997–2000, the total number of arrests was just over 2 million. An unintended consequence of the recent draconian measures against opium use and supply has been the increased incidence of morphine and heroin injection (the most common form of drug usage is opium smoking). Given that most drug injectors are poor, and many are in prison, the likelihood of needle sharing and high-risk behaviour is greatly increased and so are the possibilities of infection with HIV and Hepatitis B and C. It is estimated that this is the most common route for HIV infection in Iran, accounting for about 65 percent of diagnosed AIDS cases.

This problem poses two challenges, the drug abuse itself and the further health and social problems that occur as a result. Until recently, attention has been aimed almost exclusively at drug supply reduction. But since 1996, self-referral treatment centres for drug abusers have expanded rapidly, with admissions rising from under 3,000 to nearly 128,000. This approach offers a promising way forward by tackling demand and by offering an alternative to incarceration as a treatment. Unless the problem of the sharing of needles, both inside and outside jails, is tackled the consequences for the spread of HIV and Hepatitis could be nothing short of catastrophic.

### **By improving reproductive health, particularly for adolescents**

A large section of the Iranian population, born after the 1979 revolution, is now entering reproductive age. Adolescents and youth (10–24 years) in 2001 constituted almost 38 percent of the population. It is, therefore, of great importance to increase awareness among these adolescents of reproductive health issues, including STDs and HIV/AIDS. Efforts have been made to enhance the adolescents' awareness of reproductive health related issues through different channels, such as public health outlets, Parent-Teacher Associations, experimental supplementary curricula in formal and non-formal education systems for boys and girls, and through NGOs.

For couples about to be married there are approximately 500 obligatory pre-nuptial counselling classes all over the country. These classes, introduced in the mid-1990s, offer information on reproductive health, family planning, sexually transmitted infections, safe pregnancy and delivery, as well as referral information, in case of problems.

There is an absence of data on questions relating to reproductive morbidity, the reproductive health situation of adolescents and youth as well as the ageing population, and rural/urban and inter-provincial differences. Improved data on these questions is crucial for the development of appropriate reproductive health strategies. In light of the large adolescent and young population of Iran, the ARSH programme should be strengthened and expanded. Due to the cultural climate and tradition, the issue of adolescent RH has to be addressed with great sensitivity.

Just as poverty is a contributing factor to disease and mortality, poverty is in turn perpetuated by disease and mortality. Successful promotion of reproductive health programmes would improve overall health outcomes and help reduce poverty in equal measure. In addition to the reduction of mortality and morbidity, reproductive health programmes address unmet needs for family planning, relieving the poor of the burden of unwanted pregnancies and large families. Such programmes also provide much-needed information and services to improve sexual health and responsible behaviour among adolescents and young people while promoting gender equity and women's empowerment. These programmes contribute directly to the fulfilment of the MDGs.

### **By taking measures to combat HIV/AIDS and other diseases**

According to official figures the rate of HIV infection is low but rising and is closely associated with injection drug use. Up until March 2003, a total of 4,846 HIV infections were detected, mostly among people who had voluntarily sought tests in prison or at self-referral drug treatment centres. Out of this total more than 66 percent were infected via drug injection.

Within the same period approximately 678 people were diagnosed with AIDS. Thirty-two of these were women, the largest number being injecting drug users, followed by those infected through blood, blood products and sexual intercourse. Nearly three quarters of those with AIDS were in the age group 20 to 49 years. Detection rates of HIV infection and of AIDS cases has begun to rise much faster in the last two years, though it is not clear if this implies more cases or better detection. Experience in other countries has demonstrated that neither moral or behavioural guidance, nor rigorous law enforcement, are sufficient to stop the advance of the pandemic. But unlike many other communicable diseases, AIDS is totally preventable by taking proper measures. The strongest weapons against the disease are public discussions concerning the problem, dissemination of information on the means of transmission, reducing discrimination against people living with HIV/AIDS, and making means of protection available (chiefly condoms and clean needles for drug users). For those living with the infection the appropriate anti-retroviral treatments should be provided, although these are becoming more available and affordable in Iran.

In recent years, measures taken by the Iranian government to curb the spread of HIV/AIDS have included the establishment of triangular clinics (that deal also with drug use), the establishment of the National Harm Reduction Committee and the provision of free anti-retroviral therapy to all HIV positive patients. In addition, treatment and harm reduction services for injection drug users forms an integral part the country's Strategic Plan for the Prevention and Control of HIV/AIDS.

Halting and reversing the HIV/AIDS epidemic by 2015 (MDG No. 6) will be hard but not impossible for Iran. It will depend on whether the measures mentioned above regarding reproductive health are introduced and on whether the problem of injected drug use (the cause of two thirds of HIV infections) is brought under control. Above all, it will depend on the creation of a social climate where information regarding HIV/AIDS is available and where sufferers are not judged. The alarming jump in the number of reported infections and AIDS cases from 2001 to 2002 should be seen as a warning that the epidemic must be tackled with the utmost urgency and vigour. A priority challenge in this context is providing appropriate information about the avoidance of infection to adolescents.

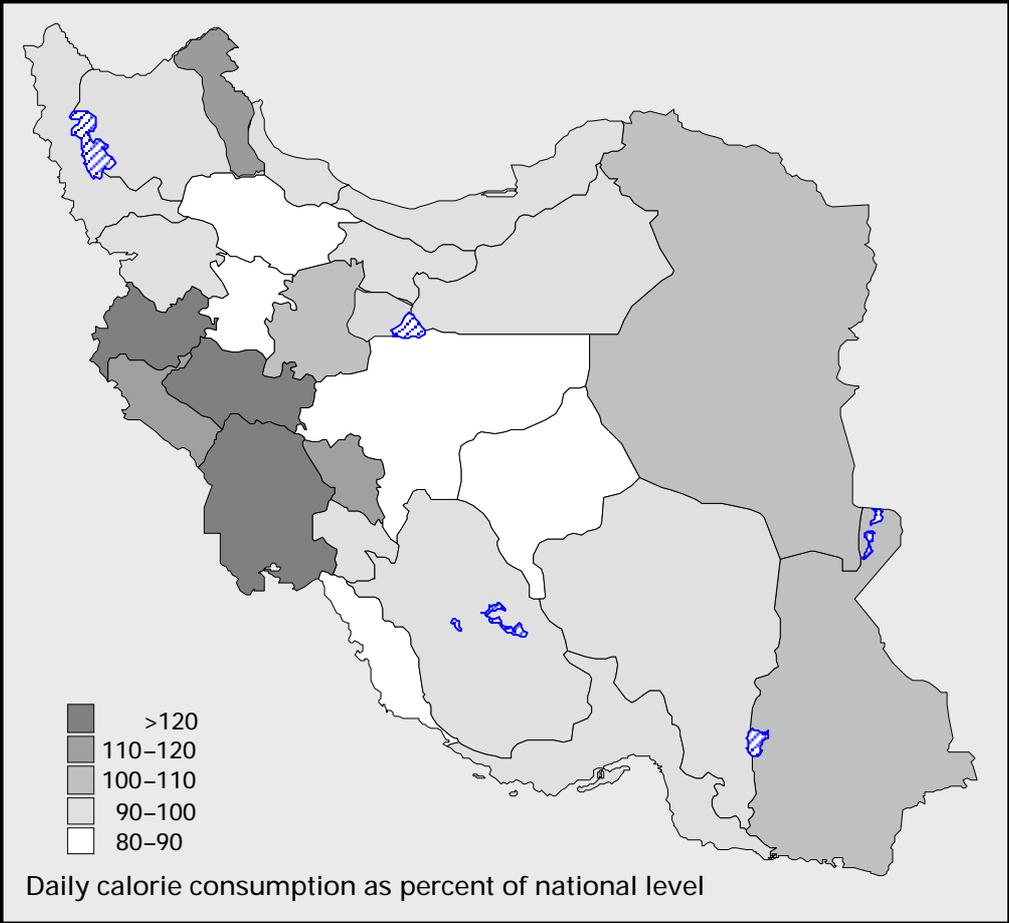
### **By improving food security**

Food security is considered as one of the basic priorities in the Constitution of the Islamic Republic of Iran. The constitution also refers to many of the key prerequisites for food security including agricultural development, environmental protection, and poverty eradication. The past three decades have seen a three fold increase in Iran's overall agricultural output. This growth has exceeded that of the population, enabling significant gains in domestic consumption per capita and meeting the objectives of the national plans. Average yields have also increased considerably during the past decade.

According to official statistics, the last 20 years have seen an expansion in the food consumption of the population. Average daily calorie supply rose from 2,616 in 1988 to 3,415 in 1997, translating into an estimated daily calorie consumption of about 2,900 per head. Average protein consumption was high, at an estimated 84 gm. per person daily. During the same time period Iranians consumed on average 23 percent more cereals, 42 percent more fats, 26 percent more proteins and 80 percent more sugar. The average Iranian diet expanded in quantity, becoming more diverse and acquiring some of the character of that of richer countries. During the same period there was a 37 percent increase in food production per head. This limited the effect of rising food consumption on rising imports, until prolonged drought in the late 1990's led to large wheat imports.

In practice, satisfactory diets depend as much as on the distribution of food supplies, as on their total. The map below (Figure 1.17) shows the level of calorie consumption in relation to the national average. This information suggests that food energy consumption has little correlation to the level of economic or human development by province (compare with Table 1.5). For example, Kermanshah and Khuzestan are estimated to have lower than the national average HDI value but they are the provinces with greatest calorie and protein consumption per head. Sistan and Baluchistan is the lowest province in terms of the HDI, as well as numerous other variables, but it is above the national average in both calorie and protein supply. And Tehran, which is the outstanding province according to most indices, is below the national average in calorie and protein availability.

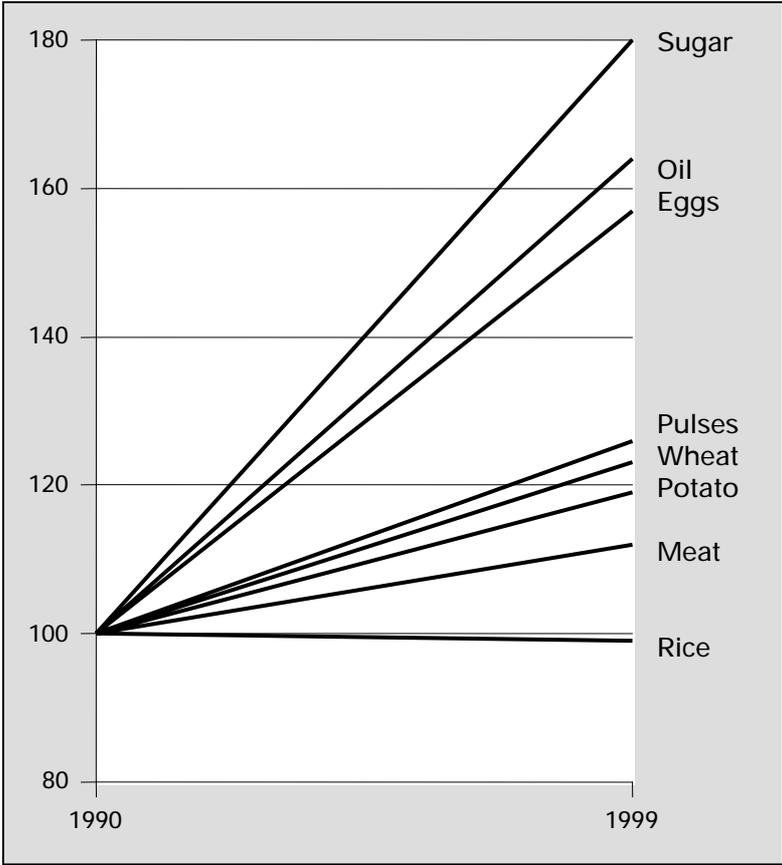
**Figure 1.17: Calorie consumption by province, 1996**



Source: NHDR 1999

The changing nature of diet in Iran provides some cause for concern with potential health and economic consequences. First, sugar has shown the fastest growth in consumption. Second, a comparison of Figures 1.18 and 1.19 indicates that the food items with fastest growing consumption in the 1990s were precisely those with the highest (and rising) share of imports in supplies. Third, there is good reason to suppose that those groups identified as the most vulnerable economically and socially, will be those most liable to have inadequate diets and so suffer food insecurity. Further research is needed to assess the scale of food insecurity, especially among poorer women and their children. In the mid-1990s, the number of underweight children under 5 was estimated at over 15 percent (National Human Development Report) though no more recent information is available. Fourth, there is also concern about the adequacy of micronutrient intakes but little information is available. As experts increasingly stress the importance of micronutrients for health, more research is urgently needed to identify deficiencies and to take necessary counteractive measures.

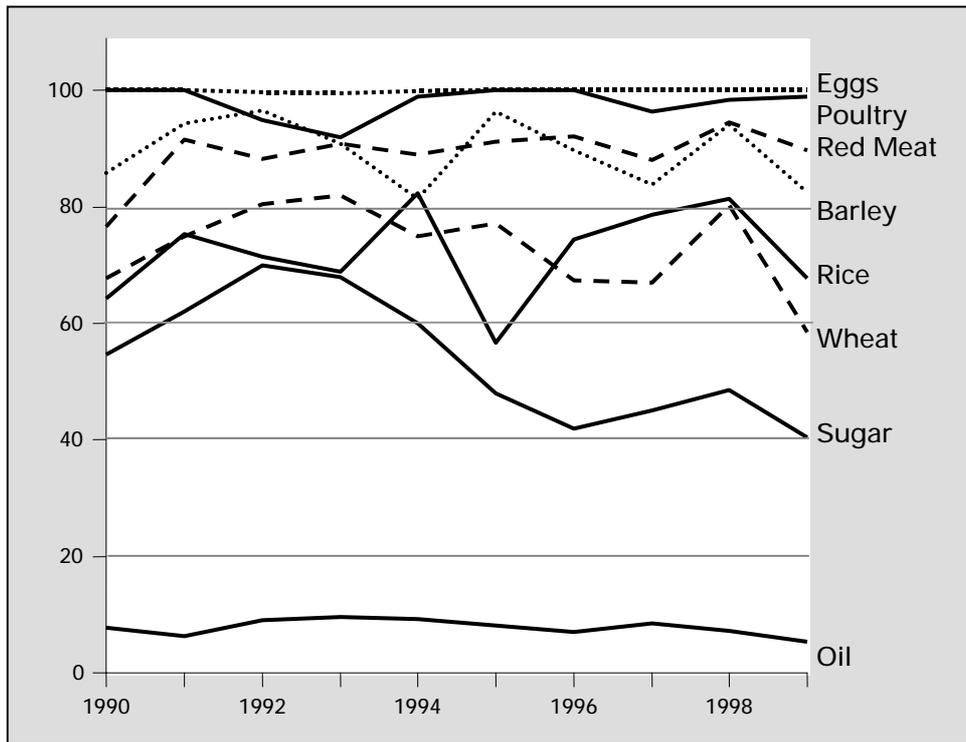
**Figure 1.18: Consumption of foods per capita, 1990–1999 (index 1990=100)**



Source: Ministry of Jihad-e-Agriculture (note: these figures are radically different than those provided by the FAOSTAT database)

Self-sufficiency in the production of staple foods is important when related to national food security. This is especially true in a country that has been the target of trade sanctions and whose main export, petroleum, is liable to major price fluctuations. Recent economic plans have aimed to raise food self-sufficiency, especially wheat and other commodities consumed on a large scale. Some progress was made in this direction in the early 1990s but due to drought and the effect on consumption through diet changes, the recent tendency has not been so encouraging. During the 1990s, Iran became virtually self-sufficient in milk and about 90 percent self sufficient in red meat (see Figure 1.19). This is due to the successful increase in the national cattle stock. Nonetheless, damage done by excessive stocking, drought and erosion may mean that this self-sufficiency will be difficult to maintain (see section 1.12).

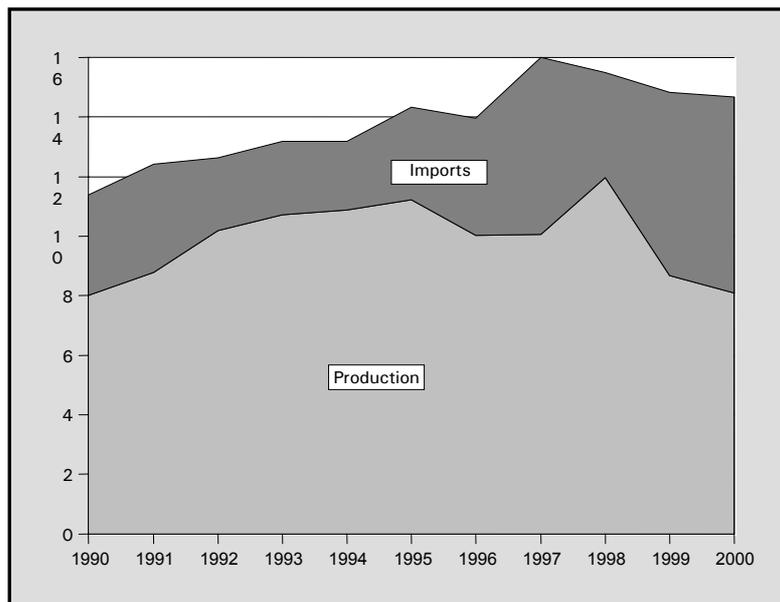
**Figure 1.19: Self-sufficiency ratio (in percentage): production/consumption**



Source: Ministry of Jihad-e-Agriculture (note these figures are radically different than those provided by the FAOSTAT database).

Wheat is by far the most important staple food commodity in Iran, particularly in relation to overall self-sufficiency. In the mid-1990s Iran became 80 percent self-sufficient in wheat and Iranians derive 47 percent of their calories from wheat. Due to both short and long term drought damage, annual wheat production fell by 20 percent between 1993 and 2000 and imports correspondingly rose (Figure 1.20). In 2000, the country was only 44 self-sufficient in this basic commodity. In 1993, Iran imported about 2 ½ millions tons of wheat, making it the 16<sup>th</sup> largest importer in the world. In both 2000 and 2001, it became the third largest importer, behind Italy and Brazil, and imported about 4 ½ million tons.

**Figure 1.20: Production and imports of wheat, 1990–2000 (million tons)**



Source: FAOSTAT 2003

Such trends imply that the challenge of maintaining national food security is ever more interconnected with raising the consciousness of healthy eating and of dealing with drought and other environmental influences on agriculture.

### 1.9 Putting gender in the centre

From the beginning of the 1990s, development assistance has undergone a major shift in perspective to reflect the role of women. Gender issues need to be factored into all stages of development in Iran, placing the same emphasis on the roles and participation of men and women in the development process.

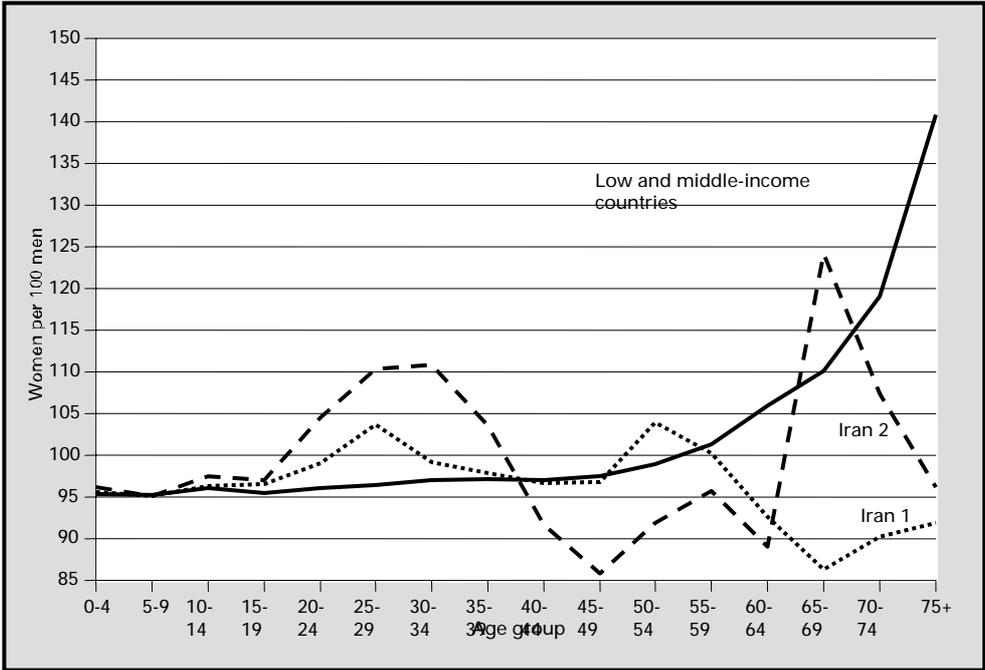
#### By identifying women’s health disadvantages

While women tend to live longer than men, the difference in Iran is still less than the global average. It is notable that the sex ratio by age differs from most countries, where there is a steadily rising majority of women age 50 and above (see Fig. 1.21).

It is clear that as an influence on health outcomes, gender is closely related to other social differences. Gender disparities in health express themselves mainly in provinces where the health indicators lag behind the national average. And although maternal mortality is relatively low in Iran (37 per 100,000 live births), most women who die of pregnancy and childbirth related causes are the poor and marginalised. Little information is available, however, about girls and women’s health. Most morbidity information is not divided by gender. Although there is data that shows a major decline in maternal mortality, other gender related health problems - particularly related to non-biological factors affecting sexual and reproductive health - are still relatively undefined in available official statistics. More thorough investigation is required.

There is virtually no official data on the problem of violence suffered by women, especially in the domestic context. This is reportedly a serious problem that needs to be addressed.

**Figure 1.21 Females per 100 males by age group, compared with other countries**



Source: Iran 1 - MPO 1999, Iran 2 - World Bank, *World Development Indicators 2002, CD Rom Edition*

### **By further extending progress in women's education**

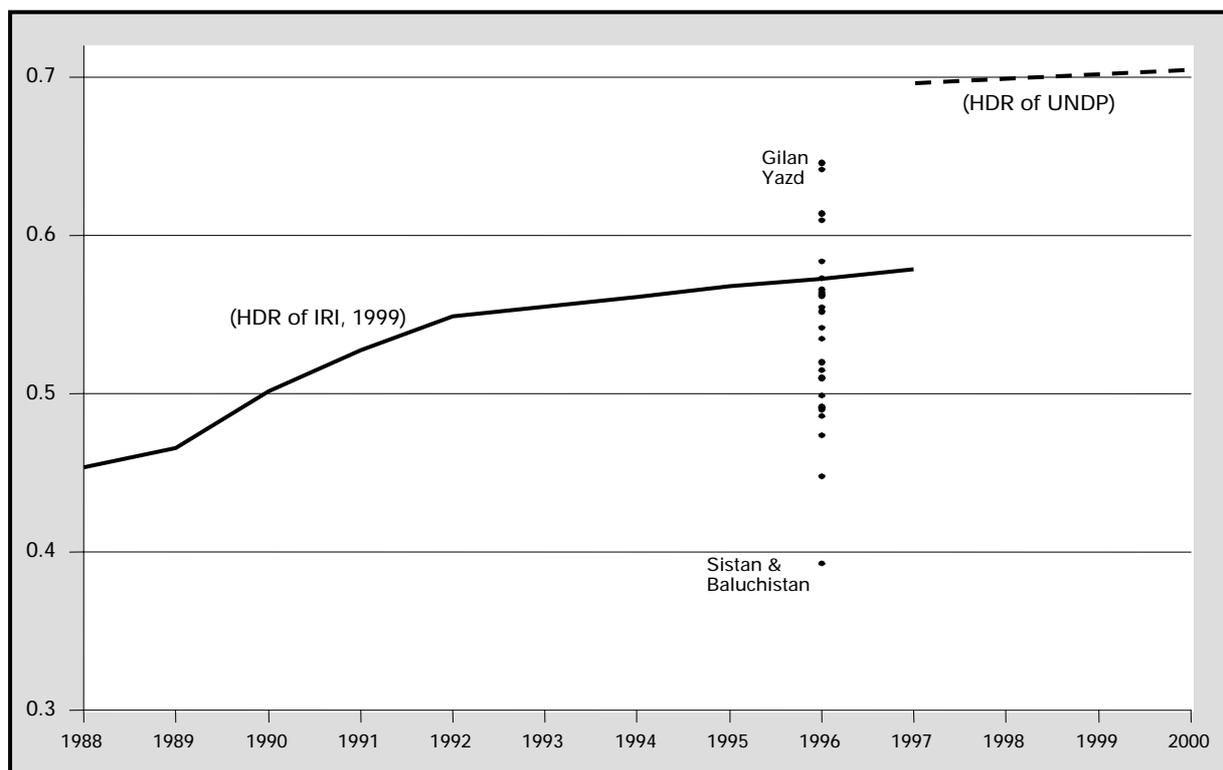
A higher proportion of Iranian men than women are literate (87 percent of male adults compared to 76 percent of female adults), although in recent years this situation has been changing. In 1999 primary education enrolment (ages 6–11) showed near equality: 92 percent of girls were enrolled compared to 93.4 percent of boys (see Table 1.9). Data suggests that during the last decade the continuation rate for girls has improved faster and is now higher than that for boys (Ministry of Education 2000). Nevertheless, there are still more boys than girls in secondary school, though recent trends indicate that this inequality is improving.

Women now comprise the majority of university entrants. In 2000/2001 alone, women composed 61 percent of pre-university students (Table 1.9). By subject, women formed the majority in Experimental Sciences, the Humanities and Arts, Medicine and Basic Sciences; men comprised the majority only in Mathematics, Agriculture, Veterinary Science and Engineering. Men also form the majority in teacher training institutions (in 2000/2001 they comprised 54 percent of students) and in vocational schools. Despite the dramatic rise in the number of women entering Iran's universities, there are still four and a half times as many men as women among the university teaching staff.

### **By breaking down barriers to women's full participation**

At the most recent count, 61.6 percent of men and a mere 9.8 percent of women are participating in the Iranian labour force (MPO 1999C). Cultural and economic forces have helped to maintain this disparity, which compares poorly with international levels. Many women do not seek, or are prevented from seeking paid work, and many employers do not seek female employees. However, the female section of the economically active population is growing faster than the male section. In addition, women's unemployment is proportionately greater than men's and may be rising faster. Consequently, women are estimated to receive a very low percentage of total monetary earnings. Such gender differences combine to produce the Gender-related Development Index (GDI), whose value (0.581) is lower than the HDI. However, women's advances in education have been the main cause of a slow but steady rise in this index during the 1990s.

### **Figure 1.22: The Gender-related development index**



Source: NHDR 1999, UNDP HDR 2002

Note: the provincial estimates are based on a national figure of 0.585 that differs slightly from the time series figure given in the same source. The higher estimates made by the UNDP are based on completely implausible earned-income assumptions.

In figure 1.22, the dots for 1996 show the inter-provincial range of the value of this index in that year. In the province where gender-related development is lowest (Sistan and Baluchistan), its value is still considerably lower than in the country as a whole a decade ago. The inter-provincial range is greater for gender-related development than for human development as a whole.

The gender empowerment measure is an index of gender disparities that aim to measure the extent of female deprivation in income and decision-making power. It comprises of women's share of parliamentary seats, of their decision-making positions as managers/administrators, of professional/technical positions, as well as their share of earned income. For Iran, the GEM in 1996 stood at 0.300 (NHDR, 1999: 158), which is scarcely more than half the level of the GDI and clearly reveals the lower presence of women in public decision-making positions, despite their high level of educational attainment (NHDR, 1999: 156-157). Table 1.9 shows some more specific indicators of gender discrepancies.

**Table 1.9: Selected indicators of gender inequalities, recent year**

Variable	Male	Female	Year
Life expectancy (years)	68	70	1995
Adult literacy percent	86.8	75.9	2000
Literacy rate, 15-24 years	94.1	97.3	2001
Share of total children in school: primary	52.4	47.6	2000-2001
Share of total children in school: secondary (new system)	50.8	49.2	2000-2001
Share of total children in school: pre-university	39.2	60.8	2000-2001
Infant mortality rate	32.7±5.6	24.4±4.5	2000

per 1000 live births			
Under 5 mortality rate per 1000 live births	37.6±6	34.6±5.4	2000
Share of non-agricultural employment age 15–24	87.8	12.2	2001
Share of non-agricultural employment age 25–44	85.9	14.1	2001
Share of non-agricultural employment age 45–65	91.6	8.4	2001
Unemployment rate aged 15–24	35.0	40.6	2001
Proportion of members of national parliament	95.6	4.4	2003

Sources: DHS 2000, SCI 1379/2000, SCI Labour Force Survey 1997-2001

However, these figures present a contradiction as women in Iran are playing an increasingly central role in education as students and as teachers (at least at the primary and secondary levels). However, their participation in economic affairs, although increasing, remains low. To some extent, this is the result of long held assumptions about the proper role of Iranian women in society, which women themselves are contesting in many areas. To incorporate gender concerns into development planning and processes, many cultural and traditional beliefs need to be assessed and addressed. The government can play a major role in changing attitudes by setting an example through state employment policies.

While the participation rate of women in the economically active population is very low (10 percent) (see section 1.5), the participation rate of women with university qualifications is exceptionally high (78 percent). Up to now, many educated women have found employment in social services in the public sector. Such occupations tend to be low paid and in a sector that cannot expand indefinitely. The increasing numbers of young women who attend university have made a very clear and decisive break with earlier generations. Consequently, the female percentage rate within the highly qualified workforce will continue to grow rapidly in coming years. One serious challenge that lies ahead is to expand employment opportunities for these highly qualified women.

Prospects for women with lower educational qualifications in Iran are especially difficult and there is an urgent need to expand employment opportunities for all women. In particular, opportunities for many working and middle class families to enhance their family income are limited and generally restricted to the informal sector. In the case of female-headed households, poor access to employment and an independent income renders them particularly vulnerable to poverty.

The participation of Iranian women in recent national and local electoral processes has been very high. However, their significant participation as voters has not been mirrored in other aspects of the political process. Out of 290 members of parliament, there are just 13 female members of parliament. Very few women occupy high ministerial office and they lag behind in other parts of the political and administrative system. Accession to the Convention on the Elimination of Discrimination Against Women (CEDAW) would be an important step towards official approval that women should participate fully in all aspects of economic and political life in Iran. The CEDAW aims to provide protection to women against discrimination, to reduce disparities in health care, nutrition, education, to provide better access to health care and ensure their sexual and reproductive rights.

### **By promoting gender equality and empowering women**

MDG 3 aims to promote gender equality and empower women. Significantly, Iran is well on the way to achieving one of the conditions for this goal, namely gender equality in education enrolment. In 1999, the net primary enrolment rate was 96 percent for girls and 98 percent for boys, a gap of 2 percentage points, reduced from a gap of 6 percentage points in 1991. There is every expectation that

primary enrolment equality can be achieved before 2015. Once again, however, the gap is wider in the less developed provinces (for instance, 10 percentage points in Sistan and Baluchistan). In Iran, women now constitute the majority of students entering higher levels of education, except in technical schools.

However, gaps continue to exist between men and women in relation to women's equality and empowerment. These include, the mere 4 percent of parliamentary seats that women occupy, their low level of participation (13 percent) in the labour force, and their higher levels of unemployment and greater risk of poverty. A more rapid pace of change and an altering of attitudes and policies will be needed to fulfil the goal of gender equality.

### **By strengthening the rights of children and young people**

Thirty-two percent of the Iranian population is 15 years old or less and a further 14 percent are between the ages of 15 and 19 years old. Human development also means a more prosperous life for these young people. The special rights of young citizens are recognised in the Convention on the Rights of the Child (1989), to which Iran is a signatory.

The position and rights of children are closely related to those of their carers, who in the great majority of cases are their mothers. Ending child poverty and malnutrition is part of the same challenge as providing more resources to poor women. Child health is also, in part, a spin off of better reproductive health for women including improved pre and post-natal medical care and services. Both maternal and perinatal mortality have fallen sharply in Iran in recent years thanks to improvements in medical care. In addition, children's health has improved with the extension of inoculation programmes to a very high proportion of the population. However, insufficient coverage of these schemes still exists in some of the least developed provinces.

Poverty or social tradition often obligates children to work when they should be receiving education. Although the prevalence of child labour has declined markedly in Iran in recent years, there is still cause for concern. A large proportion of working children are employed as family workers and most are found in rural areas. In 1996 (SCI, census data) only 2.29 percent (1.05 percent of urban and 4.12 percent of the rural) of the economically active population was aged 10-14. By the year 2000 (SCI, survey data), the economic activity rate of children aged 10-14 had dropped to 3.55 percent (4.49 percent for boys and 2.57 percent for girls).

Iran's preschool system is developing quickly but from a fairly small base. By 2000–2001 there were nearly 300,000 children under 6 receiving some preschool education, nearly 50 percent more than four years earlier. This represented 13.9 percent of girls and 15.9 of boys in the 3–5 age range. While directly benefiting children, access to preschool education is also a necessity for working mothers. A continuation in the growth of economic participation by women will therefore meant a greater demand for preschool education. If women's choices are to be greatly expanded this is a challenge that must be met.

A forthcoming UNICEF study on Child Protection in Iran will provide much needed information on marginalised Iranian children, particularly those who suffer from exploitative labour, prostitution, delinquency, trafficking and homelessness. It will also focus on children of ethnic minorities, of refugees, of single parent families (female) and those living in institutions. The study is expected to prioritise the problems affecting the most marginalised of Iranian children and specifically those living in provinces that suffer the greatest disparities, namely Sistan and Baluchistan, Hormozgan, West Azarbaijan, Kohkilooyeh and Boyerahmad and Kordestan.

## **1.10 Strengthening institutional transparency and accountability**

Since the public administration has a central role to play in the pursuit of sustainable human development it is essential that it is seen by the people to be just, efficient and interested above all else in the public welfare.

### **By improving the effectiveness and efficiency of the justice system**

The justice system in all societies is a central determinant of the degree of trust that exists between the rulers and the ruled and a major influence on economic and social progress. The Iranian justice system at present faces several important challenges:

- the large backlog of undecided cases in the public courts and courts of appeal, with citizens involved in court cases suffering much inconvenience.
- ambiguities concerning the jurisdiction of various courts which result in different verdicts given by various tribunals for the same offence.
- the law on public and revolutionary courts allows judges to carry out preliminary investigations, trials and to issue a final verdict, though the re-introduction of the Office of the Prosecutor General is a step in rectifying this situation.
- the number of women judges is not representative to the proportion of women in the general population, their achievements or their potential.
- there are various interpretations within the justice system as to when individuals are accountable before the law.
- the Constitution of the Islamic Republic of Iran provides for legal representation for the parties involved in a dispute or case. However, it is at the discretion of the judges to prevent or limit the presence of lawyers at the investigation stage of certain cases such as those that involve national security.

There may be no quick remedies for some of these challenges but a number of responses have been suggested:

- to increase the transparency of the justice system there should be a greater degree of separation between prosecution and judicial authority, which has already begun by the reintroduction of the Office of Prosecutor General.
- to improve the effectiveness and efficiency of the administration of justice.
- to provide for the presence of lawyers in all the investigation and trial stages of cases, as a general established practice.
- to promote greater independence of advocates and their associations
- to speed up judicial proceedings and eliminate the enormous backlog of cases.

### **By tackling the situation in the prisons**

One of the major challenges faced by the Iranian prison system is overcrowding and high incarceration rates, a large number of which belong to drug related offences. According to the Prisons Organisation, 345,139 people were incarcerated in 2000 – 2001 under the administration of the prison authority. This figure represents about 526 prisoners per 100,000 of the population, placing Iran among the six countries of the world with the highest incarceration rates. Over 95 percent of prisoners are men, which means that prisoners compose about 1 percent of the male population, and an even higher percentage of the adult male population. About half of those detained were accused people awaiting trial and the other half were already convicted. The steady rise of the number of prisoners in Iran is an issue of concern at the national level. The number of juvenile convicts is another serious concern as is the number of children kept with their convicted mothers inside prisons. The Iranian Judiciary and

Prisons Organisation recently opened discussions on alternatives to imprisonment for offenders and the provision of rehabilitation mechanisms. A combination of policy approaches could be employed to address the present challenges:

- considering the use of alternatives to incarceration for many minor offences
- establishing a system of prisons with different levels of security for different levels of crime and convict behaviour, a practice which is seriously being considered and pursued by the Prisons Organisation
- drastically reducing the number of the accused detained while awaiting trial.
- revisiting and possibly revising existing rehabilitation practices.

### **By strengthening public administration personnel management**

The effective promotion of sustainable human development requires that the abilities of all people are used in the best and most constructive way. The challenge in Iran is to introduce a system based more on meritocracy and to strengthen public trust in the administration and its ability to promote human development.

### **By rooting out corruption**

Throughout the world, corruption presents a major challenge to development goals. In large state enterprises and the privatisation process, many circumstances present themselves as opportunities for the unscrupulous to practice corruption. Any absence of transparency in public affairs is liable to be fertile ground for corruption, whether in public administration or business. In Iran, cases of administrative corruption have received the strongest condemnation from the country's highest authorities, including the Supreme Leader. The challenge faced by Iran is to root out such corruption by making administrative and commercial procedures more open and transparent and by penalising severely those who participate in corruption activities.

### **By promoting a culture of teamwork and cooperation**

Citizens often complain that the public administration is autocratic and seems remote from the public. The performance of administrators and the satisfaction of citizens will be improved if a culture of teamwork, cooperation and participation is encouraged at all administrative levels. The lack of teamwork between different parts of the administrative system gives rise to delays, misunderstandings and inefficiencies in implementing governmental plans. Adequate and sufficient consideration by the authorities to these concerns can go a long way towards meeting the challenge of accountable public administration.

## **1.11 Enhancing political pluralism**

Human development does not imply a particular political model. But since it is based on expanding human capability (through good health, long life, decent living conditions, and access to education) and enhancing human choice (through empowerment, cultural and political choice and freedom), it does require public approval of the political system. Enhancing political pluralism can better ensure such public approval.

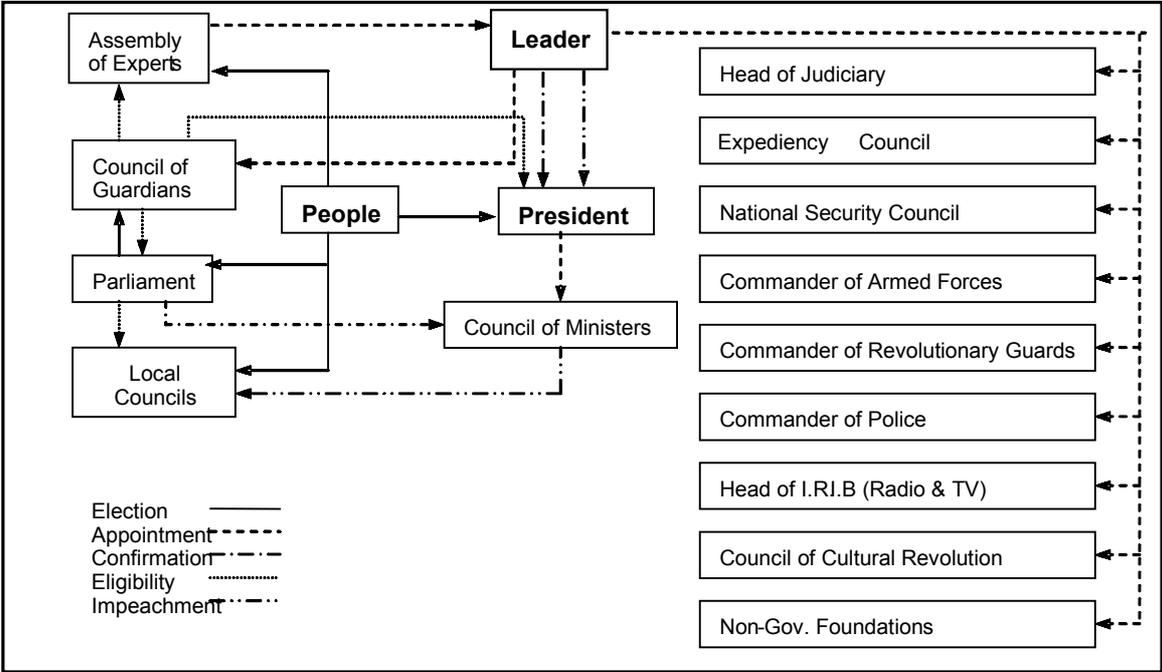
It is worth briefly noting how the government in the Islamic Republic of Iran is structured. The head of state or Supreme Leader of the Revolution has many powers, particularly in maintaining the principles of Sharia Laws of Shiite Islam and in making various appointments. The popularly elected Assembly of Experts (composed of 96 religious clerics) selects the Supreme Leader. The head of government is the directly elected President who appoints a cabinet of ministers. The government proposes laws that are discussed by the parliament and, when passed, are reviewed by the Council of Guardians of the Constitution (an appointed upper house consisting of 6 clerical Islamic canonists and

six civilian jurists) before ratification. In addition, the Expediency Council of the System is a body of high religious and political figures appointed by the Supreme Leader to mediate differences between parliament and the Council of Guardians. The decisions of the Expediency Council are final and binding on the parties involved. The lines of authority are shown in Figure 1.23.

Since the election of President Khatami in 1997, there has been a lively national debate on the course and direction of foreign and domestic policies. While all parties in this debate would probably accept that human development is a valid objective, it is, within Iranian politics, subject to a wide range of interpretations. Political outcomes, therefore, will profoundly affect the way in which developmental challenges are posed and met.

Close observers of Iran’s present political structure have identified a number of challenges that pose obstacles to the efficient and successful pursuit of human development. One challenge concerns the highly centralised nature of decision-making in the government. In response to this problem, local council elections were held in 1999 and 2003 to provide a greater degree of decentralisation and citizen participation.

**Figure 1.23: Iran’s formal constitutional power structure**



Scheme derived from the Iranian constitution

**By extending democracy and participation**

In recent years, there has been an historic extension of democracy and citizens’ participation in Iran. Presidential elections in 1997 and 2001, parliamentary elections in 1996 and 2000, and elections of local councils in 1999 and 2003, have been strongly contested by rival candidates representing different political perspectives. Such elections have aroused public interest and participation, introducing a vast number of questions into open debate.

Iranians also have shown their willingness and ability to participate as voters and to some extent as candidates. However, despite such advancements there has been a clear limitation to democratic participation based on gender. While Iranian women have been credited by many commentators as having had a major role in determining the outcome of recent elections, there were still few women candidates. Even in the 1999 local elections, when many issues of immediate concern to women, such

as preschool provision and health care were hotly debated, the number of women candidates was limited to only 2 percent. The 4 percent of female parliamentarians originate from only 10 out of the 28 provinces. It is hoped that the new trend towards strengthening the position and role of women in Iranian society will eventually lead to the dismantlement of the social, economic and political barriers that stymie enhanced female political participation.

### **By stimulating civil society activities and organisations**

A fully functioning participatory democratic society consists not merely of institutions envisaged by the constitution, but also those institutions that exist between the micro-level of the family and the macro-level of the state. This area, often known as civil society, includes trade unions, business associations, political parties, publications, environmental activist groups, voluntary educational activities, religious associations and non-governmental organisations. In order to foster a vigorous democracy, the state must create a climate that allows the activities of such civil society to grow. In return, the citizens of this state have a responsibility to establish such organisations and manage them in a responsible way.

In Iran, two types of organisations exemplify this challenge: the press and non-governmental organisations (NGOs). In recent years, an average of 239 newspapers and magazines have been founded each year in Iran. Between 1997 and 1999, total newspaper circulation rose from approximately a million a day to three million. In addition, the number of books published and the number of transmitted television hours rose in a similar fashion. However, the state has a complete monopoly ownership of radio and television stations and continues to control the content of the broadcasts.

Although newspaper content is uncensored before publication, newspapers are liable to be closed if the opinions they express violate certain norms beyond what is deemed acceptable. During the same three years in which 239 publications were founded annually, 19 publications were closed each year, and several others were subject to official warnings (“notifications”) about their content. State permission is also required prior to the publication of books or the establishment of Internet access centres. Nonetheless the number of books published rose threefold during the 1990s and information technology and the Internet is beginning to spread rapidly.

There are currently 500 software companies and 400,000 programmers in Iran, and in 2002 the number of Internet users surpassed 1.5 million. The number of personal computers per 1,000 population rose from 20 to 48 from 1999 to 2001. And between 1990 and 2001 the number of telephone lines per 1,000 people rose from 40 to 201. Greater participation in the new world of communication and information (sometimes referred to as closing the digital divide) is a target of the MDGs.

In its third development plan (2000-2004) Iran has laid specific emphasis on upgrading its information and communications technology. The Telecommunication Company, the Ministry of Culture and Islamic Guidance, the Intelligence Ministry and even the state broadcaster, consider themselves responsible for regulating the Internet. However, the High Council of Information has so far made no specific decisions about the nature of efficient supervision and regulation of the Internet. The majority of Internet companies are themselves controlling their own data and information provision, but the government desires specific requirements and regulations to prevent any possible abuse.

In the case of NGOs, many organisations experience long delays in attempting to legally register their organisations. As a result, the number of legally active NGOs in Iran remains small, although many are in the process of registration. For NGOs to play a greater role in supporting human development, state institutions must share their authority as a way of cementing a new alliance between the state and citizens. The Iranian Interior Ministry, in cooperation with some other relevant national and state institutions, has initiated programmes to allow Iranian NGOs and their activities to flourish more effectively.

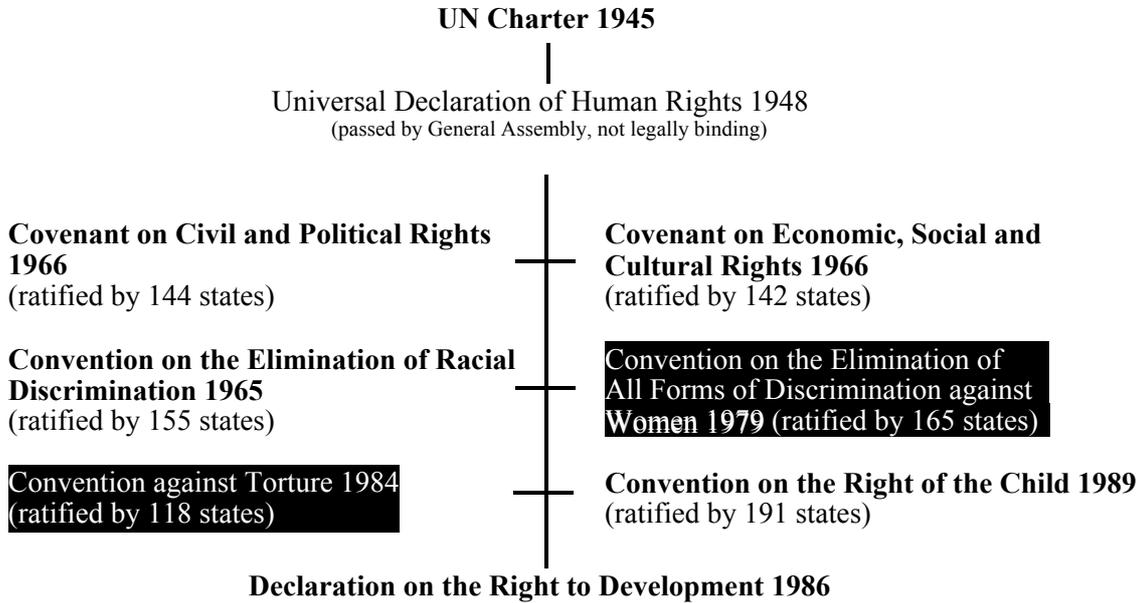
**By fostering human rights**

Article 19 of the Iranian Constitution recognises human equality and non-discrimination on grounds of race, nationality, religion, language and gender. Real progress has been made in this direction, particularly in education, but more remains to be done. For example, there is still a long distance to travel before actual equality and equity for women in Iran matches those ideals in the Constitution. The challenge of fostering human rights in Iran is to spread the practice and belief of human rights to the entire society.

There are two prevalent human rights concepts in Iran. The first originates from international agreements (many of which Iran has ratified) and the second originates from Islamic Sharia and traditions. Both are subject to different interpretations and are sometimes quoted selectively. These two perspectives overlap on some questions but appear to collide on some others. It remains a challenge therefore, to reconcile both concepts by ensuring that citizen rights are continually improved and that they are genuinely protected against discriminatory practices, which restrict their capabilities as individuals.

A more open public debate on human rights would help address the challenges facing Iran, as would a greater presence of non-governmental organisations concerned with rights in general or discrimination. Figure 1.24 shows the core international human rights instruments passed by the United Nations since 1945. The Islamic Republic of Iran is a party to all, except the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention Against Torture. There is currently a lively discourse within the political establishment as to whether Iran should join these two conventions.

**Figure 1.24: Core International Human Rights Instruments**



Note: Non-ratified instruments are shown in white text on black background

These conventions and declarations overlap in many ways with the human development concept and uphold the right to freedom of thought, expression and non-violent political assembly and organisation. But these often quoted rights are merely the best-known part of the international official consensus on human rights. The civil and economic rights (to a decent living, to medical care, to education, to paid holidays) are far from being achieved in many countries of the world. This is not, therefore, a case in which some countries comply and others fail to comply. It is one in which reforms in all countries, including Iran, are needed for the rights to be extended to all and guaranteed. The challenge is to create an environment in which any absence or loss of rights receives immediate

publicity and in which governments and citizens, civil society organisations and institutions collaborate to continually expand the reach of human rights.

## 1.12 To ensure environmental sustainability

The last decade in Iran has witnessed a rising public consciousness regarding the importance of the environment, resulting in a number of significant achievements. Leaded gasoline use has been restricted, the use of natural gas in homes and public transport has increased, taxis in major cities have been converted to liquefied natural gas and environmental considerations have been enhanced in large scale public investment plans. In addition there has been an increase in the number of environmental NGOs and Iran has signed up to a number of international environmental treaties. These achievements are all the more noteworthy given the massive environmental hindrance faced by Iran in the form of natural disasters. This significant threat to development remains outside of the control of the Iranian government and is a constant hazard to development and sustainability.

MDG No. 7 to ensure “environmental sustainability” calls for a reversal of damage to environmental resources as well as a number of specific targets, such as halving the number of people without access to improved water resources. Between 1995 and 2001 the proportion of Iranian people without such access fell from 2.2 percent to 1.1 percent in urban areas and from 27.6 percent to 14.9 percent. Consequently, the country has already fulfilled this target in the last few years, although further improvement is expected.

Nevertheless, there is a long way to go, particularly because aspects of development have damaged the environment, including population growth, rapid urbanisation and expansion of agricultural production. Such development has occurred with the abundant use of hydrocarbon-based energy resources and has led in turn to an increase in waste, pollution and overuse of finite resources.

### By reducing deterioration of land and water resources

One way of assessing environmental sustainability is to consider the proportion of land area covered by forest (Indicator 25 of MDG No. 7). According to FAO’s Forest Resources Assessment, dense and closed forest in Iran occupies only 5 million ha. (about 3 percent of the land area); an additional 2.3 million ha. are covered with plantations and 5.6 million ha. with woodlands. Much forest area has been lost in recent decades, although the exact rate of deforestation is hard to ascertain. The FAO has estimated that the country is losing 1.33 percent of its forest resources each year (see Initial National Communication to UNFCCC). Such deforestation causes environmental damage but none more immediate than the effect on water retention and subsequent flood control. Deforestation and the deterioration of rangelands must bear part of the blame for devastating floods suffered by various parts of the country in recent years (for instance in 2002 when nearly 500 people lost their lives).

In Iran, ninety million ha. (more than half of the land area) are officially qualified as rangelands. Reports suggest that these areas are subject to serious overgrazing (according to some estimates, they host livestock equal to more than 4 times their carrying capacity). During the last 25 years, the proportion of rangeland qualified as in good condition fell from 15 percent to 10 percent of the total, and the proportion regarded as in poor condition rose from 17 percent to almost 50 percent. This is associated with a rapid growth in the number of livestock, as indicated in Table 1.10.

**Table 1.10: Numbers of livestock, 1980–2002 (millions)**

	1980	1990	2002
Cattle	5.2	7.5	8.7
Goats	17.4	24.7	25.7
Sheep	34.5	44.6	53.9

Source: FAOSTAT, 2003

Increasing food supplies have also been made possible by more intensive crop production and an extension of arable and permanent cropland from 13.7 million ha. in 1980 to 16.3 million ha. in 2000. This, along with urbanisation, has been a source of encroachment on forest and rangeland areas. Increasing crop yields, which have improved food security, have been partly obtained by increasing use of irrigation water, pesticides and chemical fertilizers (see Table 1.11).

**Table 1.11: Consumption of chemical fertilizers, 1980–2000 (Mt)**

	1980	1990	2000
Nitrogenous fertilizers	300,185	558,100	819,600
Phosphate fertilizers	310,040	587,000	393,300
Potash fertilizers	3,000	15,900	106,800
Total	613,225	1,161,100	1,319,700

Source: FAOSTAT, 2003

While information about pesticide consumption is scarce, FAOSTAT figures show that annual consumption of the main categories of herbicide, insecticide and fungicide increased between 1990 and 1996 by an average of 73 percent. No data appears to be available after that date, but some observers believe that there has been a significant decline in the use of some pesticides as a result of a reduction in the price subsidy.

Iran is an intensive user of water like other countries of the arid west and central Asian region. Total consumption in 2000 was about 1,000 m<sup>3</sup> per head of population, a little more than half of the renewable water resources available. This places Iran 21<sup>st</sup> in intensity of water use per person of the 164 countries for which the AQUASTAT database provides information. Only 2 percent of this water is used in industry while 6 percent is used domestically. In domestic water use per person, Iran comes 60<sup>th</sup> out of 161 countries. The overwhelming majority of water use is in agriculture and accounts for 92 percent of the total (FAO, AQUASTAT 2003). Sixty-one percent of land under grain production is irrigated and the total area under irrigation for all crops increased from 4.9 million ha. in 1980 to 7 million ha. in 1990 and 7.5 million ha. in 2000 (FAOSTAT 2003). It is calculated that most of the water used in irrigation goes to waste because of inefficiency at the farm level. Overall water-use efficiency is 30 percent.

The provision of safe water for the majority of the population is a recent success, and a significant step towards achieving Target 10 of MDG No. 7 to “halve by 2015, the proportion of people without sustainable access to safe drinking water”. By 1996, over 95 percent of urban and 83 percent of rural inhabitants had access to safe water. The situation with regard to wastewater disposal, however, has lagged far behind. Despite some progress, only 12.5 percent of the urban population had access to waste water facilities. Surface and ground water pollution from the inadequate treatment of wastewater and poor sanitary attention of landfills are common and resulting in:

- major pressure on water supplies
- an immense increase in the quantity of untreated domestic and industrial waste water from the cities and untreated water in the countryside; most of it contributes to pollution of rivers, remaining groundwater and neighbouring seas, sometimes threatening marine life and economic activities such as fishing
- an alarming general fall in water tables in many areas of the country and an increase in the quantity of polluted ground water.

In the cities, excessive water use can only be curbed by asking users to pay a more realistic price for water consumption. Two government ministries (Jihad-e-Agriculture and Energy) are coordinating efforts in a 20-year programme to raise water efficiency levels close to the world average level of 45 percent. At the technical level the use of modern pressurised irrigation systems is helping but the more

basic problem of irrigation management can be improved by decentralising more power to water users' associations.

Biodiversity in Iran is currently threatened by pollution, the destruction of habitat and the mismanagement of resources. The World Conservation Union (IUCN) identified 56 species of animal and one plant species in Iran that are on the verge of extinction, while the Research Institute of Forest and Rangelands in Iran reported 21 plant species as endangered and a further 432 as vulnerable. Considerable progress has been achieved through the establishment of a national protected system of parks, wildlife refuges, protected areas, national natural monuments and biosphere reserves. In addition, there are Natural Forest Parks and Forest Reserves. The government's goal is to increase these to 10 percent of the land area. They need, however, to be administered in a less fragmented way and to be coordinated with partial protection measures in the non-protected areas.

### **By increasing energy efficiency and reducing air pollution**

The role of energy in Iran's economy is undergoing a profound change. Traditionally, the country's economy has been dependent on oil exports with relatively low levels of national energy use. During the last two or three decades, however, this situation has changed. In the 1970s, Iran consumed well under 10 percent of its energy production, but between 1980 and 2000, urbanisation and rising living standards increased national energy use per head by about 70 percent, and at the end of the 1990s national energy use had overtaken exports. A continuation of the recent trends would convert Iran into a net energy importer in little more than a decade.

Further indicators of environmental sustainability (MDG No. 7) reflect the GDP per unit of energy use and carbon dioxide emissions. By international standards, Iran is not a large energy using country; its level of energy use per head is no more than a quarter of that of many developed countries. Nonetheless, energy trends and existing inefficiencies create important challenges. Questions related to energy represent part of the intersection between economic and environmental challenges. Table 1.12 shows sectoral data about the level and trends of energy use, as well as of the very closely correlated environmental variable, carbon dioxide emissions. It permits some preliminary conclusions about the problems of energy use. These must, however, be very provisional, in particular because it is difficult to discover the relationship that energy use and carbon dioxide emissions have with the economy when there is considerable uncertainty about recent estimates of the GDP and sectoral value added. A summary of trends in Table 1.12 indicates that the sectors of the economy with the largest share of CO<sub>2</sub> emission are also those with the highest recent rate of growth of emissions. According to the Carbon Dioxide Information Centre, Iran's per capital CO<sub>2</sub> emissions from fossil-fuel burning, cement manufacture and gas flaring, are only about 60 percent of those typical in Western Europe and one quarter to one third those of countries such as the USA, Canada and Australia; they are nevertheless twice as high as those of China and four times as high as India. Growth at the rate of the last 10 years would bring the level to present Western European levels by 2019.<sup>6</sup>

In relation to the energy efficiency of production, the table shows a mixed picture of recent trends. On the positive side, energy use or CO<sub>2</sub> emission per unit of real output or value added have been falling in the last decade in electricity production, the industrial sector, the agricultural sector and in other services. This suggests that some of the environmental concerns of recent government economic planning strategy are being realised; such as the growing use of natural gas, both as a household fuel and in electricity production, as well as the phasing out of some old and inefficient industrial and agricultural plants. Nonetheless, the overall energy and environmental inefficiency of the economy continues to grow: in other words, emissions of CO<sub>2</sub> (and almost certainly also the use of energy) per unit of output has been rising over the last decade. One contributor is the growth of losses in electricity transmission that have risen from under 10 percent of output in the early 1970s to about 20 percent in the late 1990s. This, as well as important losses in oil refining, are associated with the ageing of the capital stock and so can only be checked by new investment.

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<sup>6</sup> [http://cdiac.esd.ornl.gov/trends/emis/em\\_cont.htm](http://cdiac.esd.ornl.gov/trends/emis/em_cont.htm)

The figures in Table 1.12 imply that much of the responsibility for excessive and growing energy inefficiency lies with the transportation sector, where the use of old and inefficient vehicles and a profligate use of fuel is common. It is recognised in governmental and other circles that this phenomenon (as well as wasteful energy use elsewhere) is a direct result of energy pricing policy. Energy subsidies have maintained prices of all kinds of fuel at extremely low levels compared with real production costs. Recent increases in prices have been too small to alter this situation. These low fuel prices offer incentives to waste rather than conserve energy and they impose an enormous financial cost on the state budget. Their value has been very roughly estimated at as much as 12 percent of the national income. A rational system of energy prices in the short run, combined with a long-term policy of replacing inefficient vehicles, is already part of the government's policy, but needs to be implemented much more rapidly.

**Table 1.12: Data on relationship of CO2 emissions, energy use and output change, 1989–99**

Sector	Share of CO2 emissions 1999 (percent)	Growth of CO2 emissions 1989–99 (percent p.a.)	Growth of CO2 emissions per capita 1989–99 (percent p.a.)	Growth of CO2 per unit of physical output or value added 1989–99 (percent p.a.)	Growth of MBOE per unit of physical output or value added (percent p.a.)	Comments
Power plants	23.7	8.6	6.7	0.6		Energy/CO2 intensity relatively stable since 1989 but rapid growth of total demand
Refineries	3.8	6.7	5.8			Above average rise related to renewed use of old fuel-inefficient refineries
Commercial sector	4.9	4.9	3.0			Below average rise perhaps related to declining importance in economy
Residential sector	21.0	6.5	4.6			Above average rise associated with urbanisation and changes of lifestyle; some recent improvement in residential use of energy
Industry	18.0	2.6	0.7	-1.4	-2.3	Low rise in emissions associated with low growth of output and improvement in energy efficiency
Transport	24.8	6.6	4.7			Above average rise related to inefficient vehicles and low quality fuel
Agriculture	3.8	-0.3	-2.2		-4	Decline possibly due to more efficient production
Total	100	5.7	3.8	between 0.4 and 1.8*		Growth of total emissions in excess of annual growth of GDP and of population; overall energy efficiency trend impossible to estimate without better GDP estimates

Source: TG on Energy \* = depending on real GDP estimate (see text)

Iran's Initial National Communication to the UNFCCC shows that the government is taking its international commitment to reduce Greenhouse Gas emissions seriously. It outlines a plan for a possible 31 percent improvement in energy efficiency by the year 2021 through such measures as:

- improved vehicle and household appliance energy use
- further fuel switching to natural gas (e.g. in cement and steel production)
- recovery of flare gas
- expanding use of renewable energy resources as well as nuclear power
- use of electrical rather than diesel pumps
- generating electricity in oilfields rather than piping oil to the generators
- using combined cycle power plants
- improving energy use in refining processes.

The concentration of air pollutants in the large cities has improved in recent years due to the use of cleaner domestic fuel. However, local air pollution, another consequence of the transportation problem, clearly remains a major hazard. Iran's vehicular traffic produces large volumes of air pollutants each year in the form of NO<sub>2</sub>, SO<sub>2</sub>, CO, hydrocarbons and other suspended matter. When combined with sunlight this combination produces smog that is a threat to health, although little detailed information is yet available of the exact damage to health. Once again, this problem is severely aggravated by the existence of general non-targeted subsidies for fuel and energy, leading to excessive consumption of non-renewable resources and consequent pollution.

Other environmental problems in cities include the generation and disposal of solid waste and excessively high noise levels. Knowledge of the full extent of such problems awaits the conduct of detailed scientific surveys.

### **By improving disaster preparedness and management**

Iran is especially prone to major natural disasters – earthquakes, droughts, floods and avalanches – and the country has unusually high experience of disaster response and recovery. Some disasters, floods and droughts for example, have become more frequent and destructive, partly because of global climate change, partly because of local environmental damage. And others, particularly earthquakes, pose great threats owing to the high population concentration in major cities, three quarters of which are in potential major earthquakes zones. Twelve earthquakes, each more powerful than 7 on the Richter scale, have occurred in Iran in the last century. A severe earthquake in Manjil, Roudbar and surrounding areas in 1990 killed 42,000 people and caused damage estimated at 7.2 percent of the National Product.<sup>7</sup> Major earthquakes caused more than 2,000 deaths in 1997. The International Institute of Earthquake Engineering and Seismology registered more than 100 earthquakes in the first 4 months of 2002 alone. Consequently, fears abound that a major earthquake may occur in a large city, like Tehran. While adequate building regulations exist for large cities, it is generally believed that they are not rigorously adhered to and increased resources must be devoted to enforcement.

However, most of those who have suffered in recent major earthquakes have lived in small towns and villages. Earthquake-proof construction is very rare in those areas and adequate building regulations are not yet in place.

While the probability of earthquakes is always high, the probability of floods has increased alarmingly during recent decades and has affected more people than earthquakes. While Iran has no control over increasingly intense rains caused, perhaps, by global warming, it can and must give attention to flood management and measures of flood avoidance, most importantly those which stop the deterioration of the water retention properties of the land and vegetation through deforestation and the degrading of rangelands.

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<sup>7</sup> Calculated by the Disaster Task Force of the Ministry of the Interior; in addition to the human tragedy the equivalent of two years' economic growth was wiped out in a few seconds.

Drought represents another global warming danger and has affected large parts of the country for prolonged periods during the last few years. These droughts have caused damage estimated at over \$8 billion, an amount probably greater than the cost of servicing the country's debt. It is feared that the severity of these droughts has been increased by the overgrazing of rangelands, the inappropriate overuse of water intensive agricultural techniques and the mismanagement of water resources.

The challenge of improving disaster preparedness has many elements:

- accelerating the drive to establish an effective Integrated National Disaster Management Plan to foresee needs for preparedness, mitigation and relief in all parts of the country, minimising the overlap of responsibilities between different administrative bodies;
- enforcing more effectively the urban building codes designed to make buildings more earthquake-resistant and extending controls to the smaller towns and the countryside;
- campaigning through schools, the media and local authorities for greater public awareness of the danger of disasters and of how ordinary citizens can participate in prevention and relief;
- developing a national drought mitigation strategy;
- developing the great amount of work which has already been done on earthquake micro-zoning and extending this to the mapping of flood risks;
- encouraging regional collaboration with other governments.

### **By raising environmental awareness**

The environmental consequences of human activity tend to be hidden until it is too late. Consequently, the global order of priorities has focused first on economic development, human development and finally on sustainable development. It is now known that a lack of attention to sustainability can threaten both economic and human development and that benefits are cancelled out by growing environmental costs. But the fact that these costs are sometimes hidden means that they may not be taken account of unless there is maximum public awareness and a public commitment to dealing with them. Among the non-governmental organisations that have sprung up in Iran in recent years are a large number of environmental NGOs. They can be strengthened by bringing environmental questions into the centre of the education system, by supporting environmental science as a major subject in schools at all levels and by extending the number of specialised environmentally related courses in university and technical education.

## ANNEX 1: MILLENNIUM DEVELOPMENT GOALS, TARGETS AND INDICATORS

Goals and Targets	Indicators
<b>Goal 1: Eradicate extreme poverty and hunger</b>	
<b>Target 1:</b> Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	<ol style="list-style-type: none"> <li>1. Proportion of population below \$1 per day (PPP-values)</li> <li>2. Poverty gap ratio [incidence x depth of poverty]</li> <li>3. Share of poorest quintile in national consumption</li> </ol>
<b>Target 2:</b> Halve, between 1990 and 2015, the proportion of people who suffer from hunger	<ol style="list-style-type: none"> <li>4. Prevalence of underweight children (under-five years of age)</li> <li>5. Proportion of population below minimum level of dietary energy consumption</li> </ol>
<b>Goal 2: Achieve universal primary education</b>	
<b>Target 3:</b> Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	<ol style="list-style-type: none"> <li>6. Net enrolment ratio in primary education</li> <li>7. Proportion of pupils starting grade 1 who reach grade 5</li> <li>8. Literacy rate of 15-24 year olds</li> </ol>
<b>Goal 3: Promote gender equality and empower women</b>	
<b>Target 4:</b> Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	<ol style="list-style-type: none"> <li>9. Ratio of girls to boys in primary, secondary and tertiary education</li> <li>10. Ratio of literate females to males of 15-24 year olds</li> <li>11. Share of women in wage employment in the non-agricultural sector</li> <li>12. Proportion of seats held by women in national parliament</li> </ol>
<b>Goal 4: Reduce child mortality</b>	
<b>Target 5:</b> Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	<ol style="list-style-type: none"> <li>13. Under-five mortality rate</li> <li>14. Infant mortality rate</li> <li>15. Proportion of 1 year old children immunised against measles</li> </ol>
<b>Goal 5: Improve maternal health</b>	
<b>Target 6:</b> Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	<ol style="list-style-type: none"> <li>16. Maternal mortality ratio</li> <li>17. Proportion of births attended by skilled health personnel</li> </ol>
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>	
<b>Target 7:</b> Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	<ol style="list-style-type: none"> <li>18. HIV prevalence among 15-24 year old pregnant women</li> <li>19. Contraceptive prevalence rate</li> <li>20. Number of children orphaned by HIV/AIDS</li> </ol>
<b>Target 8:</b> Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	<ol style="list-style-type: none"> <li>21. Prevalence and death rates associated with malaria</li> <li>22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures</li> <li>23. Prevalence and death rates associated with tuberculosis</li> <li>24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)</li> </ol>
<b>Goal 7: Ensure environmental sustainability</b>	
<b>Target 9:</b> Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	<ol style="list-style-type: none"> <li>25. Proportion of land area covered by forest</li> <li>26. Land area protected to maintain biological diversity</li> <li>27. GDP per unit of energy use (as proxy for energy efficiency)</li> <li>28. Carbon dioxide emissions (per capita) <i>[Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases]</i></li> </ol>
<b>Target 10:</b> Halve, by 2015, the proportion of people without sustainable access to safe drinking water	<ol style="list-style-type: none"> <li>29. Proportion of population with sustainable access to an improved water source</li> </ol>

<p><b>Target 11:</b> By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</p>	<p><b>30.</b> Proportion of people with access to improved sanitation  <b>31.</b> Proportion of people with access to secure tenure  <i>[Urban/rural disaggregation of several of the above indicators may be relevant for monitoring improvement in the lives of slum dwellers]</i></p>
<p><b>Goal 8: Develop a Global Partnership for Development*</b></p>	
<p><b>Target 12:</b> Develop further an open, rule-based, predictable, non-discriminatory trading and financial system  <i>Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally</i></p>	<p><i>Some of the indicators listed below will be monitored separately for the Least Developed Countries (LDCs), Africa, landlocked countries and small island developing states.</i></p> <p style="text-align: center;"><b><u>Official Development Assistance</u></b></p> <p><b>32.</b> Net ODA as percentage of DAC donors’ GNI [targets of 0.7percent in total and 0.15percent for LDCs]  <b>33.</b> Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)  <b>34.</b> Proportion of ODA that is untied  <b>35.</b> Proportion of ODA for environment in small island developing states  <b>36.</b> Proportion of ODA for transport sector in land-locked countries</p>
<p><b>Target 13:</b> Address the Special Needs of the Least Developed Countries  <i>Includes: tariff and quota free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</i></p>	<p style="text-align: center;"><b><u>Market Access</u></b></p> <p><b>37.</b> Proportion of exports (by value and excluding arms) admitted free of duties and quotas  <b>38.</b> Average tariffs and quotas on agricultural products and textiles and clothing  <b>39.</b> Domestic and export agricultural subsidies in OECD countries  <b>40.</b> Proportion of ODA provided to help build trade capacity</p> <p style="text-align: center;"><b><u>Debt Sustainability</u></b></p> <p><b>41.</b> Proportion of official bilateral HIPC debt cancelled  <b>42.</b> Debt service as a percentage of exports of goods and services  <b>43.</b> Proportion of ODA provided as debt relief  <b>44.</b> Number of countries reaching HIPC decision and completion points</p>
<p><b>Target 14:</b> Address the Special Needs of landlocked countries and small island developing states  <i>(through Barbados Programme and 22nd General Assembly provisions)</i></p> <p><b>Target 15:</b> Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	
<p><b>Target 16:</b> In co-operation with developing countries, develop and implement strategies for decent and productive work for youth</p>	<p><b>45.</b> Unemployment rate of 15-24 year olds</p>
<p><b>Target 17:</b> In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries</p>	<p><b>46.</b> Proportion of population with access to affordable essential drugs on a sustainable basis</p>
<p><b>Target 18:</b> In co-operation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p><b>47.</b> Telephone lines per 1000 people  <b>48.</b> Personal computers per 1000 people  <i>Other Indicators TBD</i></p>

## **ANNEX 2: THE CCA PROCESS IN THE ISLAMIC REPUBLIC OF IRAN**

The CCA process in Iran began in June 2001 with the organisation of a CCA/UNDAF team-building workshop in collaboration with the United Nations System Staff College. The workshop brought together all UN Representatives as well as key programme staff from various UN agencies based in Iran. A comprehensive work plan for the CCA was prepared and a related time frame was agreed upon. A CCA Steering Committee was established in September 2001 to guide the entire process. Work on the CCA was short-lived however, as the process was suspended before the end of the month due to an increased focus by agencies on contingency planning for the Afghanistan crisis.

The CCA process resumed at the beginning of 2002. The Steering Committee selected four areas for data collection, assessment and analysis based on three primary sources of information: i) the Third Five-Year Economic, Social and Cultural Development Plan (FYDP, 2000-2005), ii) the United Nations Millennium Declaration, and iii) United Nations Conferences and Conventions. The four agreed-upon thematic areas were:

1. Economic development (economy, employment and poverty);
2. Social development (demography, education, health, gender, refugees and migrants);
3. Environmental sustainability, sustainable development and food security (natural resources, man-made environment, energy, food security, urban and rural development; natural and humanitarian disasters); and
4. Governance (political affairs, legal affairs and administrative affairs).

Four theme groups, composed of government officials and senior UN staff, representing 10 agencies, were set up to conduct the necessary substantive work on the thematic areas. Each group reached agreement on a minimum set of indicators reflecting national priorities in each thematic area, collected relevant data, evaluated the results and agreed on a final list of indicators reflecting UN agencies' programmes and government priorities, to be incorporated in the report.

By mid-2002, each of the theme groups produced a report on its respective areas of focus. Furthermore, at least one participatory workshop was organised by each theme group, in order to review and validate the theme groups' findings. A National Seminar on the CCA was set for June in order to review the assessments and analyses prepared by the theme groups. The seminar was postponed twice at the request of the national authorities. Finally, it was decided instead to produce the first CCA draft and distribute it among various government counterparts for comments.

In September 2002, the Steering Committee returned to the drawing board and produced a revised set of guidelines for the production of the CCA document. A new, improved draft was prepared based on the reports by the CCA theme groups, the National Human Development Report of 1999, the FYDP and other relevant national publications. Initial revisions were made and a second draft was submitted for further circulation among collaborating UN Agencies, national and international counterparts. Based on their feedback, a final draft of the CCA was prepared.

This report is based on the conclusions and recommendations of the four Theme Groups, facilitated in terms of presentation and content, by a UN consultant, Professor Robert Sutcliffe.

## ANNEX 3. DATA GAPS ON HUMAN DEVELOPMENT AND MDGS

A definitive account of Iran's achievements and challenges is complicated by a lack of detailed data in many fields. This annex attempts to synthesise the general and specific problems faced by such data gaps.

### General problems

Some of the most detailed sources of data in Iran tend to be very sporadic. Much of the data used in this assessment came from the National Human Development Report of 1999, based mainly on data of 1996. It also relied on documents produced by the Budget and Planning Organisation in 1998 and 1999, for the Third Five Year Plan. Much of the data from these sources is of great interest and value, but also suffers from major deficiencies, such as:

- The data is now relatively out of date; there has been very little information on the main indicators for the last 3 years.
- The data has only been published once and has not resulted in the publication of regular time series data that is updated regularly.
- The data originates from a variety of sources; these sources have not used the same methodology or definitions and so, in some cases, the data appears inconsistent.

Such challenges suggest that it is necessary to combine responsibility for statistics on all major social, economic and environmental indicators under one central organisation. It is also recommended to regularly publish all indicators and frequently update them.

There are some exceptions, however, particularly in relation to demographic and educational data, which are updated and published frequently by the Statistical Centre of Iran. But here, too, inconsistencies exist between varying national sources of data.

A second general problem concerns the present incompleteness of the published information. There are some major areas where more detailed and reliable data is needed before a serious diagnosis of that particular area can be completed. This concerns economical data on income and production, where it is difficult to derive a convincing estimate of national income growth, composition and distribution from existing statistics. As a result, different estimates exist, although the CSI has recently published revised figures with the intention to be more definitive.

There is also a shortage of data regarding mortality and morbidity in Iran. Recent discrepancies between estimates made by the MOHME, and those made by the SCI of the basic death rate in Iran, have caused confusion. If this figure cannot be satisfactorily estimated, then more detailed estimates of mortality and life expectancy indicators will be difficult to achieve. Recently published sample surveys now make it possible to conclude more about morbidity and mortality. Nonetheless, the health sector requires more detailed cause of death figures and disease-specific morbidity figures.

Another important area of statistical deficiency relates to current nutrition levels in Iran. The Human Development Report made some important progress in this regard, providing a detailed breakdown of the average food energy supply figures by province. They have not been updated however, and are difficult to use because of internal inconsistencies. For example, the national figure for average daily calorie supply in the national time series and the national figure in the cross section provincial figures are completely inconsistent with each other.

A further problem concerning data is the numerous inconsistencies between the data published nationally and that which appears in international statistical publications. For instance, detailed national figures produced by the SCI about food consumption, trade and self-sufficiency are radically different from those estimates published in the FAOSTAT online database. The same is true for educational data published by the Ministry of Education and by UNESCO, particularly in relation to MDG targets. There are also major differences between nationally available data and data from other international sources such as UNDP, the World Bank and elsewhere. For external donors to optimise their contribution to development, it is necessary for them to be well informed on the state of the country. In the absence of recent accurate data, the international statistical agencies estimate data often

based on inappropriate criteria. But there may also be a problem in conveying the most accurate and up-to-date information from the country to the international agencies. Improving that flow of information will improve the quality of assistance and cooperation.

### **Economy**

Major economic aggregates in Iran (national product, income and its composition) appear with an approximate delay of at least two years. There are also serious inconsistencies between official national sources (for instance SCI, CBI and MPO), although this matter is being addressed. More detailed study is necessary to establish the appropriate rates of conversion of Iranian macroeconomic data to international currency (for both exchange rate and purchasing power parity conversions). At present, it is still difficult to give an accurate estimate of Iran's GNP and its components in international currency, and to compare it with other countries.

There is a need for a major expansion of disaggregated economic data on wealth, income, distribution, poverty, employment and unemployment. This data should be divided by gender, age, province and rural/urban residence and is needed to analyse current inequality, poverty and structural constraints to development.

In specialised circles in Iran, the quality of some data, in particular census data, household income and expenditure surveys, has been questioned (regarding the size of samples used, the procedures of collection). This suggests that measures of quality control may be necessary.

In general, the accuracy and timeliness of economic data suffers from the absence of a complete and integrated information structure. The different parts of the data collection and publication system are dispersed, sometimes to the point of complete separation. More coherent and coordinated procedures, used by all the public statistical agencies (SCI, CBI and the Ministries), would greatly improve consistency and efficiency in collection. In addition, human development indicators in disaggregated form should be made into a core activity of the organisation.

The yearly household income and expenditure survey already provides a wealth of detailed and important information, but fears about its accuracy and delays in its publication mean that it is used less than it should be as a policy and planning tool. An improvement in its quality and punctuality would strengthen the monitoring of the economy.

### **Demography**

Very precise demographic statistics for the total population, including age and sex composition, are provided by decennial censuses, annual household surveys and other special purpose surveys conducted by the Statistical Centre of Iran (SCI). Other details are added by figures from the Civil Registration Organisation and the MOHME. There is, however, few post enumeration surveys to test the accuracy of these figures. There is considerable data on household/family size, sex and age composition, although it does not really touch on family structure.

Figures for the total population and its composition in the census years are much better than the figures that relate to the determinants of population change. There is general consensus on the dimensions of the recent fall in the fertility rate. But there is still no agreement about the level of the Crude Birth and Death Rates between the SCI, CRO and MOHME. This disagreement highlights the acute and serious lack of reliable mortality and morbidity data for the whole country. Until these statistics are improved, planning will be less than optimal. The present growth of population rate has had to be estimated by the comparison of totals taken 10 years apart, rather than by the comparison of present birth and mortality rates.

Due to political sensitivities, official statistics reveal very little about the ethnic composition of the nation. However, the 1986 Census did enquire about the mother tongue of households and a small amount of information does exist about Iran's religious minorities, whose numbers have fallen considerably in the last 20 years.

There is also a serious lack of demographic data on the large but fluctuating refugee population. Little is known about educational and literacy levels although there is some information about attendance at Iranian schools. There is no information about the health, legal status and employment of refugees.

Little information also exists regarding migration out of Iran. A recent study has calculated that there are 400,000 highly qualified Iranians outside the country. Little is known about these migrants, nor has there been any research on the effect of this brain drain on the nation.

### **Education**

The decennial censuses, annual household budget surveys and periodic special purpose surveys provide a considerable amount of detailed data on the Iranian educational system. In addition, ample statistics are collected by the Ministry of Education for pre-university levels and by the Ministry of Science, Research & Technology (MSRT) and MOHME for higher levels. The Ministry of Education now prepares internationally comparable, standard educational indices for Iran (on such aspects as enrolment, number and qualifications of teachers and teacher/student ratios at various levels), although for the most part they are not decomposed by province or according to urban/rural residence.

On the other hand, there is insufficient data on completion and dropout rates at secondary and higher levels and on the enrolment of children with special disabilities/needs in ordinary schools or classes, access to distant education, and production of educational films.

Detailed literacy figures can be taken from the annual censuses and supplemented for inter-censal years by other special purpose surveys, such as multi-round labour surveys that also include literacy data.

Figures on the amount of government expenditure on education do not provide much information about the important subject of the division of this spending between different educational levels.

### **Health**

A large amount of data on health activities and outcomes in Iran is collected by various departments of the MOHME. Other information originates from annual household files and individual sheets on births and deaths filled by *behvarzy* and their urban counterparts. In addition, a series of large-scale national surveys on contraceptive practices, child health, etc., conducted by the MOHME provides further details. Nevertheless, there are substantial gaps and unresolved questions with regard to certain health areas. As already mentioned, the most important of these is mortality and indices on which no commonly accepted figure is yet available. It would be premature to try and calculate more sophisticated indices as the Disability Adjusted Life Expectancy (DALE), before more basic data about mortality and morbidity becomes available. There has also been a failure to employ a standard set of disease categories and classification systems that may be used by all physicians responsible for collecting statistics. However, steps are being taken to train physicians in the routine use of WHO's International Classification of Diseases and to train physicians in its routine application.

### **Governance**

Gaps in the areas of justice administration, criminality, and political and administrative infrastructure hinder a deeper study of governance in Iran. As this CCA has indicated, information and statistics are not always available for either institutional and/or cultural reasons. Wider access to information and data on governance should be provided in order to promote greater public participation and debate, and to better assess governance standards in the country.

### **Environmental sustainability**

Data on natural resources is available through the corresponding technical Ministries but it is not complete and is not available for the whole country. Furthermore, this data is not based on current/advanced methods of collection such as GIS, and this places limits on analysis and interpretation.

Data on forest covers and rangeland is not up to date and figures on urban pollution are only available for large metropolitan areas of the country. There is almost no data on the exact number of threatened

species of flora and fauna, while information and statistics on soil erosion are based on unreliable estimates, which differ considerably.

With regard to energy, there are considerable gaps in data, listed below by sub-sector.

*Housing sector:*

- access to electricity in rural communities
- access to LPG in rural communities
- fuel wood consumption in the rural sector
- total potential for biomass energy in the rural sector
- rate and intensity of energy consumption for different energy carriers by income group for urban and rural households
- relative energy use for lighting, cooking, heating and air conditioning;

*Commercial sector:*

- area/space of commercial units
- energy use for different fuels per a square meter of commercial space
- relative energy intensity for heating, air conditioning, lighting and other applications

*Industrial sector:*

- data regarding energy consumption by ISIC category is still inadequate
- data in relation to the nominal and real production capacity is also inadequate

*Transportation sector:*

- energy use by buses in general and "Sherkat-e-vahed" buses in particular related to type capacity and passenger/kms.
- energy use by mini-buses related to type and passenger/kms.
- energy use for pick-ups and small trucks related to tons transported/kms.
- total volume of transported passenger and goods (studies conducted the Traffic Organisation, Sharif University's Centre for Transportation Studies and JICA supply partial data on this)
- share of public transportation fleet including registered and unregistered taxis in passenger transportation
- energy use for petrol and diesel road vehicles as well as rail and air transportation (joules per passenger-kilometre) in long distance transport
- total passenger/kms. for long distance road transportation
- passenger statistics in long distance road transportation, broken down according to the public transportation fleet and unregistered vehicles
- energy intensity and the share of diesel and petrol vehicles in long distance goods road transportation
- Ton/kms carried in long distance transport via air and road (for rail transportation the Centre for Rail Research has conducted some studies)

*Power generation units and primary energies (supply side):*

- the primary energy refining units operating under the auspices of the Ministry of Power are reluctant to either publish or share their energy consumption and waste data, although such data exists.

## **Nutrition and food security**

Anthropometrical indicators of childhood malnutrition are available for 1995 and 1998. Some anthropomorphic data was also obtained during the micronutrient survey in 2001. For these figures to be useful, they must be renewed frequently and published more rapidly.

There is still very little information regarding micronutrient deficiencies among children and other high-risk populations at the national level. This should be partially rectified following the publication of the results of the 2001 micronutrient survey which is expected to provide data on: Vitamin A, Vitamin D, anaemia, iron deficiency, iron-deficiency anaemia, and zinc for pregnant women, 15 month-old children, six-year-old children and girls 13-15, boys 15-17, women 54-56 and men 44 to

46. For the last five groups, not all of the deficiencies will be measured. Data on iodine-deficiency disorders in children is available for 1996; results of a follow-up study in 2001 are not yet available.

The latest data on categories of food intake by families are too dated (1991-1995) and of questionable quality. A more systematic study is now in progress.

There is extensive, geographically dispersed data on per capita food availability; but it originates from various sources that do not always coincide. For instance, in the case of wheat, the figures from the Ministry of Jihad-e-Agriculture related to production, and those from the Ministry of Commerce and customs organisation related to imports, give widely discrepant estimates of per capita consumption of wheat and of self-sufficiency ratios. Another example is the wide discrepancy between the national time series for food availability per head and the provincial cross section data for 1996 (a difference in national daily calorie supply between 3505 and 2888 kilo calories per person daily). It is important that such discrepancies are explained or future evaluations and policies may be seriously distorted.

### **Water and agriculture**

Although agriculture is responsible for about 90 percent of all water use in the country, there is a serious gap in data related to water efficiency ratios of crop by province. National water efficiency ratios tend to be unreliable.

### **Urban and rural development**

In the area of urban and rural development, there is a shortage of information on the adequacy of housing standards, the relationship between housing prices and income, on the diversification of income sources and on decentralisation in decision-making.

## ANNEX 4. REFERENCES

The data used in this assessment have been derived from a range of sources, both national and international. Where possible the source of data is given, although the actual publication is not always specified. This is partly because some data consisted of unpublished figures kindly supplied by various government ministries and agencies through the UN/Government Theme Group on MDGs in Iran. Where different national and international estimates of a variable exist, the national ones have always been used in preference. Sometimes, however, where national estimates are unavailable, international ones have been used instead. These estimates should be treated with caution since some of the procedures used to estimate are not entirely reliable.

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