1. SUSTAINABILITY AND EQUITY

Sustainable development provides an important context for green growth. Green growth has not been conceived as a replacement for sustainable development, but rather as a subset of it. It is narrower in scope, entailing policies that can help achieve progress at the interface between the economy and the environment. It provides a strong focus on fostering the necessary conditions for innovation, investment and competition that can give rise to new sources of economic growth – consistent with resilient ecosystems. Green growth therefore targets a range of measures of progress, encompassing the quality and composition of growth, and how this affects people's wealth and welfare.

Not growth per se but measuring the economy's sustainability and wealth more broadly than conventional national accounts is a necessity for the assessment of the green growth. In this and many other respects, green growth is an essential component of a sustainable development. At the same time, green growth strategies need to pay specific attention to many of the social issues and equity concerns that can arise as a direct result of greening the economy – both at the national and international level. Employment, poverty and dependency of the elderly belong among the most important issues, for which strategies should be implemented in parallel with initiatives centering on the broader social pillar of sustainable development. This is essential for the successful implementation of green growth policies.
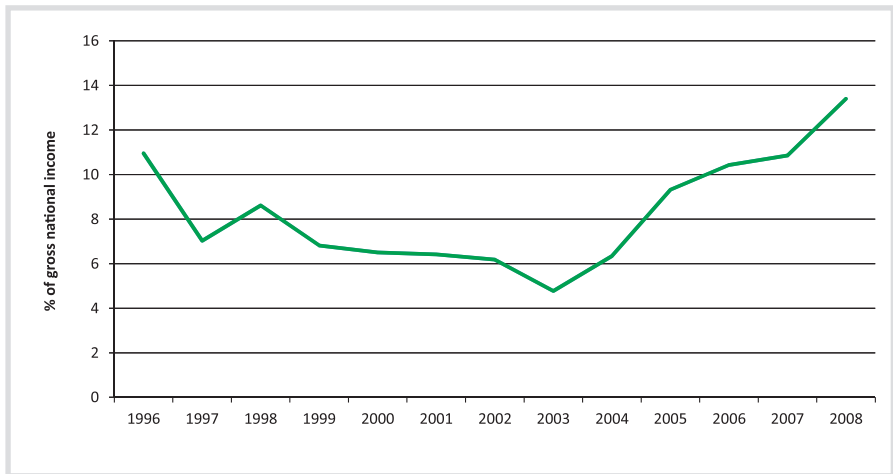
1.1. ADJUSTED NET SAVINGS

This indicator is calculated as a share of the adjusted national savings in the gross national income. Adjusted net savings are based on the adjustment of gross national savings for depreciation of the produced capital (-), the current expenditure on education (+), rent from the depletion of natural capital (-) and damages from the environmental burden including carbon dioxide emissions (-).

The adjusted net savings seeks to provide a message to the decision makers and policy-makers as to how sustainable their investment activities are. While the standard measurement of "savings" and "investment" reflect a relative change in the value of certain limited set of assets, the adjusted net savings broadens the picture by adding environmental damage and by adding the creation of human capital. This indicator is based on a "weak sustainability principle", which assumes that natural capital can be perfectly substituted by any type of capital as an input to production.

Figure 3: Adjusted net savings (% of gross national income)


Source: World Bank

Adjusted net savings captures the real rate of savings in the economy after taking into account investments in education, natural sources depletion and air pollution damage. The trend in the Czech Republic in adjusted net savings is influenced in positive direction mainly by investments in education and by decreasing rate of air pollution. On the other hand, there is a balancing negative influence from the depletion of non-renewable energy sources. The overall trend in the country is growing. The higher adjusted net savings is the better. According to the comparison done by the World Bank, the Czech Republic is at the 36th position (+13.4% of gross national income) from 122 evaluated countries and territories. In 2008 first place in OECD countries was held by Sweden (13th place with +20.5% of gross national income) and last by Slovak Republic (121th place with -80% of gross national income).

1.2. EMPLOYMENT OF OLDER WORKERS

The employment rate of older workers is calculated by dividing the number of persons aged 55 to 64 employed by the total population of the same age group. An indicator is presented for men and women separately.

The employment rate of older workers monitors generational justice and equity in the society of a particular country. Older workers are often less flexible but they have more experience in the given field and provide steady work output. The green growth concept should be implemented in a way that does not disrupt the social, religious and generational principles of sustainable development.

Figure 4: Employment of older workers (% of total)
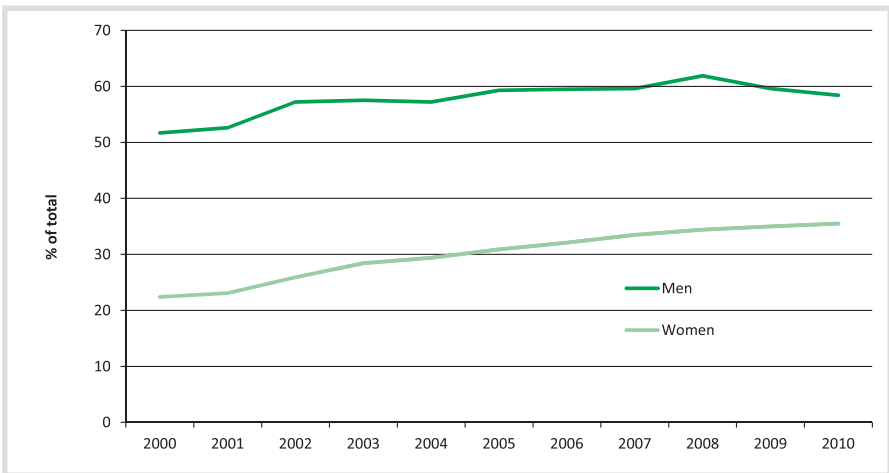
Source: Czech Statistical Office, Eurostat

Employment of older male workers in the Czech Republic was steadily increasing up until 2008 when it started to decrease. There are many reasons behind this trend but there is definitely the impact of the global economic crisis as during a crisis, companies tend to cut costs by firing employees close to retirement age or force employees go into premature retirement. The employment of older female workers was steadily increasing without any breaks in trend. The average employment rate for both men and women of this age group in 2010 was about 46.5% which was slightly above the EU27 average (46.3%).
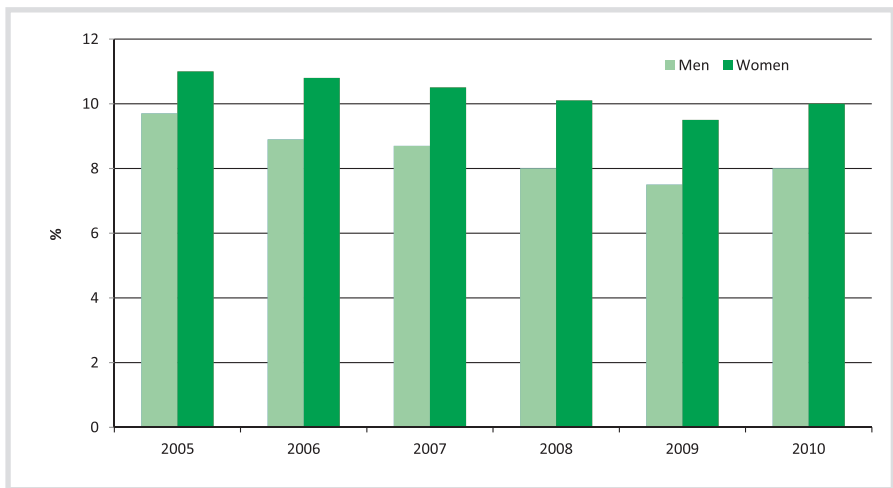
1.3. AT-RISK-OF-POVERTY RATE BY GENDER

The at-risk-of-poverty rate is defined as the share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% threshold of the national median equivalised disposable income (after social transfers).

In the period from 2005 to 2010, the at risk-of-poverty rate had a more or less declining trend. In 2005, 10.4% of the population in the Czech Republic were at risk of poverty, while the at the risk-of-poverty rate decreased to 9% of the population in 2010. The rate of females considered at-risk-of-poverty was, in the years between 2005-2010, approximately 2 percentage points higher than the male at-risk-of-poverty rate.

Social transfers significantly affect the overall risk-of-poverty rate. In 2010, without social transfers (pensions are excluded from social transfers), 18.1% of the Czech population would have lived below the income poverty threshold, compared to 25.7% in EU27 (Eurostat estimate).

Figure 5: At-risk-of-poverty rate by gender (%)

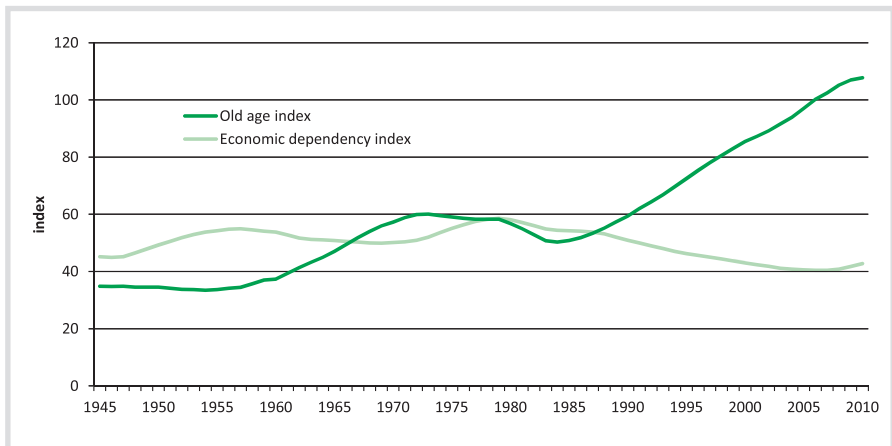**Source:** Czech Statistical Office, Eurostat

In 2010, 16.4% of the EU27 population was at risk of poverty, which means that their income after social transfers was below the poverty threshold. The highest at-risk-of-poverty rates were found in Latvia (21.3%), and Romania (21.1%). On the other hand, the lowest at-risk-of-poverty rates were found in the Czech Republic (9%), and the Netherlands (10.3%). However, it should be noted that the at-risk-of-poverty rate is a relative measure of poverty, and that the poverty threshold varies greatly between the Member States.

1.4. OLD AGE INDEX AND ECONOMIC DEPENDENCY INDEX

The old age index and the economic dependency index are indicators of the actual age composition of a given country's population. The old age index provides the number of people at the age of 65 and over per 100 people aged 0-14. The economic dependency index compares the number of people aged 0-14 and 65 and over with the number of people aged 15-64 (again generally expressed per 100 people of the latter age group). It serves as an indicator of the burden on the economically active part of the population.

In the period since World War II, the old age index has been increasing. One can observe an interruption in this trend during the 1970s and the 1980s influenced by the significant increase of the birth rate due to temporary birth supporting governmental measures. In comparison with the old age index the economic dependency index has not changed so significantly over the last 65 years. The decrease recorded since the 1980s was influenced by the same factor as the age index when the "baby boom" generation began to move into the productive age. This trend has been weakening in recent years. The latest data from 2007-2010 indicate that the economic dependency index is returning to a growing trend again.

Figure 6: Old age index and economic dependency index

Source: Czech Statistical Office

At the start of 2010, old age index figures in individual EU countries ranged from 53 (Ireland) up to 153 (Germany). In 11 EU countries, including the Czech Republic, the old age index was between 100 and 120. The position of the Czech Republic was more clear-cut from the point of view of the economic dependency index where it had the third lowest value (42) of the EU countries (behind Slovakia and Poland). In half of the EU countries, the economic dependency index ranged from 45 to 50, with the highest rate reported by France, where there were 54 persons in the economically inactive age per 100 people of the economically active age.