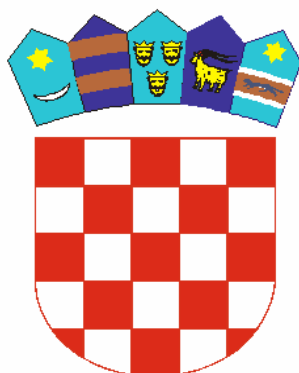


O S C E
FORUM FOR SECURITY COOPERATION



PARTICIPATING STATE

REPUBLIC OF

CROATIA

**ANNUAL EXCHANGE OF
INFORMATION ON DEFENCE
PLANNING 2005**

VIENNA DOCUMENT 1999



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INTRODUCTION

In accordance with article 15 of the *Vienna Document 1999*, with this the Republic of Croatia presents the *Annual Exchange of Defence Planning Information* document for the year 2005.

The process of defence system reform, initiated in 2002, has continued. The goal of reforms and reorganization is to establish a modern defence system structure that will be capable of responding to threats of the new era, while depending on NATO membership and security arrangements within the framework of the European Union.

The Croatian Armed Forces (CAF) reorganization process, which began in 2002, has continued. A further downsizing of personnel, mostly military, has been conducted, which created preconditions for further continuation of reforms in the armed forces and the entire defence system. During 2004, the writing off of obsolete and non-perspective military equipment continued.

Information and data on defence planning provided in this document reflect the status of the defence system as it is now in one of its phases of reform and modernization.

II. DEFENCE PLANNING

Exchange of Information

15. GENERAL PROVISIONS

In accordance with article 15 of the *Vienna Document 1999*, The Republic of Croatia presents information on defence planning for the year 2005.

15.1. DEFENCE POLICY AND DOCTRINE

15.1.1. Defence Policy, Military Strategy/Doctrine

Defence Policy

The definition of defence goals for the Republic of Croatia is based on national values, interests and security needs. The Republic of Croatia is decisive in safeguarding its freedom, independence and sovereignty under all possible security conditions.

The main defence goals of the Republic of Croatia which determine its basic areas of activity are:

- Accession of the Republic of Croatia to the NATO alliance as a full member,
- Development of an effective defence system, based on the concept of collective defence,
- Active contribution of the Republic of Croatia in building and promoting stability and security in the world,
- Development of the Republic of Croatia's capabilities to participate in peace support activities in the world.

The Republic of Croatia has determined accession to NATO, and in parallel the European Union, to be a strategic goal. The Republic of Croatia holds that its security and contribution



to regional, European, and in turn world security will be best achieved through its own contributions within the framework of collective security such as that provided by full NATO membership. As a European Union membership candidate, the Republic of Croatia wishes to adjust its defence system to parameters set by European security and defence policy within the framework of the European Union Common Foreign and Security Policy. In conjunction with the development of European security and defence, the Republic of Croatia supports the strategic partnership between the European Union and NATO, based on strong transatlantic ties and a coherent development of mutual, complementary capabilities. Participation in Euro Atlantic security and cooperation forums to date, as well as active participation in international peace support missions under UN and NATO mandates, have demonstrated that the Republic of Croatia has potentials and capabilities that it can use and will further develop and expand.

The Republic of Croatia considers bilateral and multilateral military cooperation to be very important and is active in:

- Conduct of internationally accepted obligations regarding arms control, primarily the *Agreement on Sub-regional Disarmament Control* (article IV and V, annex 1-b of the *Dayton Accord*);
- Full implementation of confidence and security building measures within the framework of the *Vienna Document 1999*, along with additional measures of building confidence and security in the region based on reciprocity;
- The activity of RACVIAC, the Regional Arms Control Verification and Implementation Assistance Centre, which is a joint German-Croatian project in conjunction with the third working table of the Stability Pact, responsible for security matters that has proven to be very successful. RACVIAC strives to assist in the process of creating greater transparency, openness and predictability concerning military security as well as cooperation and dialogue among the 21 participating nations;
- Conduct of the Open Skies agreement, of which Croatia became a full member on January 1st 2005 after many years of preparation;
- Implementation of accepted conventions, global and regional agreements, programs and measures in the area of international security (bans and restrictions of the production, storage and use of anti-personnel mines, chemical and biological weapons, prevention of terrorism, organized crime, the illegal drug trade, environmental protection and others);
- Participation in regional defence initiative forums of Central and Souteastern Europe: CENCOOP (Central European Nation Cooperation in PSO), the American-Adriatic Charter, the Quadrilateral, SEDM (South-East Defence Ministerial) and the Adriatic-Ionian Initiative;
- The activity of 15 diplomatic offices which, among others, cover all neighbouring countries including Serbia-Montenegro and Bosnia-Herzegovina where military attaches were sent in 2004. The Republic of Croatia intends to cover all NATO countries by providing additional accreditation to existing military attaches;
- International peace operations, with 29 members in 8 peace missions under the auspices of the United Nations and one Military Police platoon in the ISAF mission.



Special attention is given to the adequate level of interoperability of the CAF with the armed forces of NATO member countries. During CAF reform, emphasis will be placed on the issue of increasing the level of interoperability. In order to achieve this goal, the Republic of Croatia uses its membership in the NATO PfP program and especially the *Membership Action Plan*. The exchange of information and mutual activities, among which are mutual military exercises, contribute to the improvement of CAF capabilities to operate in non-traditional tasks and cooperate with the civilian sector in the areas of security and defence. In this manner the CAF can perform their multiple roles. Along with the basic responsibility of deterrence against aggression and defence of the population and territory of the Republic of Croatia, they are included in planning, preparing and conducting operations for the protection and rescuing of people and property in the event of natural catastrophes or technological accidents, when the scope of such exceeds the capabilities of designated civilian institutions.

With the submission of the Annual National Program 2004-2005, the Republic of Croatia has entered a third cycle of the Membership Action Plan. During the year 2005, reform of the defence system will continue. The goal of reform is to achieve compatibility of the CAF with the armed forces of NATO member countries. The emphasis of further reforms will be upon the coordination of the CAF structure, increasing effectiveness and manoeuvrability as well as further adoption of mutual procedures with NATO members.

The defence policy of the Republic of Croatia is being developed and conducted in practice with respect to the following principles:

- Building of a defence system in accordance with democratic standards and processes (civilian control over the defence system, transparency of defence policy, planning and the defence budget);
- Suitability of the defence system to security conditions;
- Maintaining an adequate level of military capabilities within the framework of state economic and budget capacities;
- Rational planning and management of defence resources;
- Respecting national traditions and values, especially experience from the Homeland War;
- Consistent conduct of the accepted international obligations.

During the year 2005, the Republic of Croatia will begin revisions and initiate the adoption of adjusted defence documents, as well as adjust laws that regulate the area of defence in the Republic of Croatia. All of these documents will be adjusted to new political conditions, taking into account the reality of accession to NATO and the European Union.

Military Strategy

The Military Strategy of the Republic of Croatia is a public document based on the *Constitution*, *National Security Strategy* and *Defence Strategy of the Republic of Croatia*, concerning the CAF as the basic defence component of the Croatian defence system. The Military Strategy takes into account experience gained in the Homeland War.

The Military Strategy provides the concept of development, equipping and modernization in the CAF as well as the development of the military art and use of achieved military



techniques and technologies. It clearly presents the place, role and tasks assigned to the CAF. The CAF development is based on the improvement of existing capabilities, their expansion as well as building new ones.

The Military Strategy takes into account changes resulting from the end of the Cold War so that, along with traditional and non-traditional tasks, the CAF also prepare for defence in the event of various possible trans-national and asymmetric threats. In doing so, the CAF rely upon the current PfP membership and the anticipated NATO membership.

The defence of the Republic of Croatia is based upon all encompassment, i.e. a concept of integral defence in which military and civil defence are components of the Croatian defence system. The Military Strategy defines the size and structure of the CAF and the place, role and tasks of the branches. Modular and professional forces, as well as the development of military capabilities are significant CAF guidelines necessary for the realization of defence.

The CAF consist of:

- The CAF General Staff, defined as a joint staff, which directly commands the armed forces branches – the Croatian Army, the Croatian Air Force and Air Defence and the Croatian Navy
- The Logistics Command
- The Joint Education and Training Command
- Staff units.

In accordance with current threat and risk evaluations, the emphasis in CAF activities will be placed upon development and improvement of capabilities. The CAF will continue to increase the effectiveness of their branches, services, specializations and units while simultaneously developing capabilities adjusted to requirements for participation in the international operations. Importance will be given to training and preparation for international peace support and other operations.

15.1.2. National Defence Planning Procedures

Defence planning is a continuous and systematic planning activity conducted by government bodies and state departments as well as by the CAF in the area of defence. This activity defines, coordinates, elaborates and adopts general and specific strategic goals under the jurisdiction of all incumbents of planning within the MoD and CAF. It consists of strategic, developmental and operative planning. The following participate in the process of defence planning, in accordance with their jurisdiction: The President of the Republic, Croatian Parliament, the Government of the Republic of Croatia, The Ministry of Defence and other incumbent ministries as well as other state institutions.

Defence planning procedures in the CAF and MoD are defined by the *Regulation on the Manner of Planning, Programming, Development and Implementation of the MoD Budget* that was adopted in February 2003. It regulates defence resource management with a goal of effective and rational allocation of available resources, in accordance with the defence goals of the Republic of Croatia.



Defence Planning Levels

- a) Strategic planning is a component of defence planning in the framework of which legislative and executive government bodies define, through documents of the highest level, the security and defence requirements of the Republic of Croatia as well as methods of ensuring security and defence requirements. Strategic planning documents are: the *National Security Strategy*, the *Defence Strategy*, the *Military Strategy* and the *Strategic Review of the Status of Military Capabilities*.
- b) Developmental planning is a component of defence planning that, in the long-term and mid-term covers the building, development and maintenance of personnel and material defence capabilities. Development planning documents are: *The CAF Long-term Development Plan* that covers a period of 10 years and the *MOD and CAF Mid-term Development Plan* that covers a period of 6 years.
- c) Operative planning is a component of defence planning that covers management of personnel and material resources, with an aim to realize strategic and development planning as fully and consistently as possible. Operative planning most directly ties the planning functions with programming and budget development. Operative planning documents are: *Annual Military Priorities*, *Annual Defence Planning Guidance*, *The Armed Forces Plan*, the *Annual Report on the Readiness of the Defence System*, the *Conduct of Personnel Policy* and the *Overall State of the Armed Forces*.

Institutions Included In The Defence Planning Process

The President of the Republic of Croatia is the supreme commander of the CAF. The President endorses the proposed *Defence Strategy of the Republic of Croatia* and the proposed *Defence Plan of the Republic of Croatia*. The President also adopts the *Military Strategy*, the *CAF Plan of Use*, the *Decision on the CAF Size, Composition and Mobilization Development* and the *Decision on the Military-territorial Division of the Republic of Croatia*.

The Croatian Parliament adopts the defence budget as part of the State budget, which is one of the elements of democratic parliamentary control. The Croatian Parliament adopts the *National Security Strategy*, the *Defence Strategy* and the *CAF Long-term Development Plan*.

The Government of the Republic of Croatia proposes the defence budget as a part of the *state budget*. The Government also proposes the *National Security Strategy*, *Defence Strategy* and the *CAF Long-term Development Plan* to Parliament. The Government submits the *Annual Report On The Readiness Of The Defence System*, *Conduct Of Personnel Policy And The Overall State Of The CAF*. The Government also adopts the *Defence Plan of the Republic of Croatia*.

The Ministry of Defence defines, coordinates, develops and conducts defence policy. It is responsible for the development of draft proposals for the following documents: *the Defence Strategy and the Defence Plan of the Republic of Croatia* as well as the development of the *Annual Report on the Readiness of the Defence System*, *Conduct of Personnel Policy* and the *Overall State of the CAF*. It is also responsible for the development of the *CAF Long-term*



Development Plan. The MoD gives its endorsement to the proposed *Military Strategy of the Republic of Croatia*.

The General Staff of the Armed Forces of the Republic of Croatia develops proposals for the *Military Strategy*, *CAF Plan of Use*, *Decision on the CAF Size, Composition and Mobilization Development* and the *Decision on the Military-territorial Division of the Republic of Croatia*. The CAF General Staff also participates in the development of the *Defence Strategy*. According to the *Regulation on the Method of Planning, Programming, Development and Implementation of the Budget* it develops the *Annual Military Priorities* and the *CAF Long-term Development Plan*.

15.1.3. Personnel Management Policy

Personnel management policy is based on three programs: the recruiting program, the professional development program and the personnel transition and separation program. All three programs encompass civilian and military personnel. The system of personnel management in the MoD and the CAF is based on the presumptions of defence policy, available resources and evaluation of future needs. Priorities in the development of this system are: optimization of personnel numbers, rejuvenation, raising the education structure, advancing the system of training and education, raising the quality of life, development of personnel doctrine and measures for a consistent, correct, unbiased and objective approach to personnel management, improving the personnel information system and the readiness management system.

Changes to the law and regulation on standards of professional development and the starting of the civil-military education mechanism have created the basis for a new system of personnel management that enables rejuvenation of the CAF.

During the year 2004, a further downsizing of MoD and CAF personnel was conducted in accordance with the "Personnel Separation Plan for 2004". By the decision of the President of the Republic of Croatia, the "B" reserve has been abolished, which downsized the CAF reserve component by 76 640 persons.

Main personnel management system tasks for the year 2005 are:

- Further conduct of the civil-military education program through the institutions of higher education in the Republic of Croatia;
- Development of the *Personnel Downsizing Plan for 2005 - 2010*;
- Development of the *Personnel Downsizing Plan* and *Personnel Hiring Plan* for 2005;
- Continued conduct of the transition and car program for separated personnel;
- Further development of the training and education system with an aim of achieving interoperability of forces.

In the coming period, special attention will be given to the program for conversion of military personnel into civilian personnel. The MoD "SPECTRA" program is being conducted with a special support of the Croatian Government, since its implementation encompasses numerous state agencies. The program managing body (Transition Office) is placed within the MoD. Its activities can be divided into the following programs: informing, transition workshops, expert qualification, advice and assistance in finding employment, employment and self-employment in cooperation with the Croatian employment agency, reintegration of separated personnel and organization of targeted expert preparations, necessary for finding employment, as well as extending other types of special assistance in this area.



The «Cadet» civil-military education program continues for the 1st and 2nd generations and the registering of 70 new cadets in the 3rd generation is planned for the 2005/2006 academic year.

Changes in the MoD and CAF personnel structure following the downsizing process are shown in the following tables:

NUMERICAL STATUS OF THE CROATIAN MINISTRY OF DEFENCE AND ARMED FORCES						
Date:	31. December 2003.			31. December 2004.		
PERSONNEL GROUP	MOD	CAF	Total:	MOD	CAF	Total:
Active Military Personnel:						
Officers	571	5.415	5.986	504	5.048	5.552
NCOs	118	7.577	7.695	99	7.617	7.716
Enlisted	31	7.868	7.899	24	6.348	6.372
Total:	720	20.860	21.580	627	19.013	19.640
Civilian Personnel :						
Civil servants	2.082	850	2.932	2.036	798	2.834
Civil employees	1.101	4.202	5.303	924	3.898	4.822
State officials	7	0	7	10	0	10
Total:	3.190	5.052	8.242	2.970	4.696	7.666
Grand Total:	3.910	25.912	29.822	3.597	23.709	27.306

Note: The numerical status encompasses all employed personnel, conscripts are not included.



Conduct Of The Personnel Separation Plan For 2004			
<i>Rank Level Of Education</i>	<i>TOTAL for 2004</i>		
	<i>plan</i>	<i>achievement</i>	<i>difference</i>
OFFICERS	1.187	1.044	-143
NCO	1.135	1.264	129
ENLISTED	1.564	1.565	1
Active Military Personnel	3.886	3.873	-13
State officials	0	2	2
PhD	0	2	2
Masters	0	5	5
Graduate	39	84	45
College	61	86	25
Secondary	800	903	103
Primary	100	207	107
Servants and Employees	1.000	1.289	289
TOTAL	4.886	5.162	276

Projected Personnel Separation Plan for 2005										
<i>Rank Education</i>	Officers	NCOs	Enlisted	Active	Grad.	College	Second.	Elemen.	State Servants And Empl.	Total
Total	744	680	420	1.844	11	9	735	640	1.095	2.939

Note: The projection was developed based on the draft version of the Personnel Separation Plan for 2005.

15.2. FORCE PLANNING

15.2.1. SIZE, STRUCTURE, PERSONNEL, MAIN WEAPONS SYSTEMS

Organization and Command of the CAF

The organization and command of the CAF are defined by the *Constitution, Defence Law and the Armed Forces Service Law*. The President of the Republic of Croatia is the Supreme Commander of the CAF. The MoD is managed by the Minister of defence. The CAF General Staff is a constituent part of the MoD, headed by the Chief of the CAF General staff, who is superior to the CAF commands and units and reports to the President of the Republic and the Minister of Defence for his work. In the event of a direct threat of war or in the event of war,



the President of the Republic of Croatia or the Supreme Commander directly commands the CAF through the Chief of the CAF General Staff.

The CAF prepare and train for conducting all forms of armed combat and have a peacetime and wartime structure. The peacetime structure consists of personnel serving in the armed forces (active military personnel: officers, NCOs and conscripts; civilian personnel: civil servants, civil employees and state officials). The wartime structure, besides the peacetime structure, also includes members of the CAF reserve component.

The CAF are organized into staffs, commands, units and organizations, and they consist of services, branches and specialities. The services are: the Croatian Army, the Croatian Navy and the Croatian Air Force and Air Defence.

The Republic of Croatia develops its armed forces with an aim to become NATO interoperable and functional in the organization of the allied forces. They should also be deployable, adaptable, effective and supplied with modern equipment, in coordination with available resources. The armed forces will become a significant support element of foreign policy contributing to the development of good-neighbourly relations and also global stability and security. They will give significantly more attention to the development of capabilities needed for participating in international operations.

Structure of the CAF

- a) The Croatian Army is the most significant and numerous component of the CAF. It is responsible for the conduct of defence operations independently and with the participation and support of other CAF branches.

The Croatian Army Command has the following staff units: anti-armour – artillery missile brigade, artillery-missile brigade, engineering brigade, military-intelligence battalion, special operations battalion, NBC battalion and military police battalion.

Corps are the largest CAF operative units that are comprised of brigades. They consist of combat units, combat support units and combat support services that are replenished with professionals, conscripts and members of the reserve component. The corps are capable of conducting operations independently over a longer period of time with the possibility of accepting new forces or separating their own forces into other areas. The corps have operative jurisdiction over the territory in the given area of responsibility, meaning they are organized on a geographical-territorial principle.

- b) The Croatian Navy acts independently and jointly with other branches. The role of the Croatian Navy is to defend the integrity and sovereignty of the Republic of Croatia, promote and protect its interests on the Adriatic Sea, islands and coastal region. The Croatian Navy is responsible for and organizes the naval defence of the Republic of Croatia.

The Croatian Navy jurisdiction encompasses the territorial sea, islands, inner sea waters and deep waters over which the republic of Croatia exercises full sovereignty and sovereign rights for the exploitation of the sea waters and the sea floor. The Croatian Navy is included in: search and rescue activities, maritime traffic control, prevention of criminal and other illegal acts by ships, protection of natural resources and the environment, assistance to ships, assistance in fire fighting activities, as well as during other disaster relief activities.



- c) The Croatian Air Force and Air Defence is a CAF service intended to ensure sovereignty over the air space of the Republic of Croatia and to provide air support for other branches in the conducting of their tasks in joint operations. It is responsible for and organises the integrated system of air defence of the Republic of Croatia.

15.2.2. Deployment Of The CAF

The CAF are mostly deployed on the territory of the Republic of Croatia, while smaller portions are located beyond its borders in peace support operations. Over the passed one year period the Republic of Croatia was included for the first time in the MINUSTAH, UNOCI and UNFICYP operations. In 2004, under the auspices of the United Nations, the Republic of Croatia took part with its forces in the following peace support operations:

- UNAMSIL (Sierra Leone) – 6 observers;
- UNMEE (Ethiopia/Eritrea) – 7 observers;
- UNMOGIP (India/Pakistan) – 5 observers;
- MINURSO (Western Sahara) – 2 observers;
- UNMIL (Liberia) – 3 staff officers;
- MINUSTAH (Haiti) – 1 staff officers (military psychologist);
- UNOCI (Ivory Coast) – 3 military observers;
- UNFICYP (Cyprus) – 2 staff officers.

In direct support to activities of the Antiterrorist Coalition, the Republic of Croatia has sent a national contingent the strength of one military police platoon to the ISAF peace operation in Afghanistan, which is regularly rotated every six months. During the year 2005, the Republic of Croatia will increase its contribution to NATO alliance peace support operations with the further engagement of a Military Police platoon and support elements for ISAF. In 2005 Croatia will form a mutual military-medical team with Albania and Macedonia under the framework of the ISAF mission. The Republic of Croatia additionally took part in the ISAF mission in 2004 by deploying its first civilian contingent within the framework of the Provincial reconstruction team.

During 2005, the Republic of Croatia, in accordance with the decision by Croatian Parliament, plans to participate in the UNOMIG (Georgia), UNIFIL (Lebanon), UNMISUD (Sudan) and UNDOF (Golan Heights) operations.

During 2005, the Republic of Croatia intends to continue providing assistance for the KFOR mission in Kosovo and the EUFOR mission in Bosnia and Herzegovina.

15.2.4. CAF Training

The CAF training system includes the training of conscripts, training of reserves and training of active military personnel. Institutional training and education at CAF academies and schools has special importance, including the education of commanders and staffs on modern simulation systems, which can create the conditions for complex and realistic training. NATO standards are applied during training while the conduct of education is based upon our own knowledge and experience gained during the Homeland War.

The Joint Training and Education Command is under the direct command of the General Staff and has the following tasks:



- Conduct of inter-service education and the training of officers and NCOs;
- Proposing and developing CAF joint doctrine;
- Participation in the development of unique standards and measures for training and education in the CAF;
- Development of manuals for training and education.

The professional development of officers is based on 4 levels of education:

- Basic officers education,
- Advanced officers education,
- Command-Staff College,
- War College.

The Joint Training and Education Command conducts joint training and the obtaining of expert military knowledge at higher levels (Command-Staff and War colleges, the operative strategic simulation centre and higher NCO school) as well as specific knowledge (foreign languages), while all CAF branches have their own training and education commands for specific branch training and education of individuals and units.

International Military Operations Centre is responsible for joint and additional individual training focused on tasks of the personnel selected for NATO/PfP and UN led operations. CAF members gain qualification for international military operations through basic training in their parent units and through the training for concrete missions at the International Military Operations Centre. During 2004 the International Military Operations Centre received the UN certificate for the conduct of UN military observers courses. Nine instructors at the centre have been placed on the UN list of instructors.

The development model for NCOs is based on a selection of the most successful and best quality soldiers that are sent for education and promoted to NCOs. Following basic training, they are sent for specialist training in order to gain skills and knowledge in a specific military activity, then to a unit. Having gained required skills, knowledge and experience, based on an evaluation of success as the main selection criteria, NCOs qualify for training and education in higher NCO positions. Besides regular training, this model also encompasses specialist courses for specific military duties as well as tactical and technical capabilities and is supplemented with higher NCO education as the highest level of NCO education.

Conscript service in the Republic of Croatia is mandatory for all fit male citizens having turned 18. Conscript service lasts 6 months. Training is conducted in training centres and in units of services and specializations (three months of basic and specialist training followed by three months of final training). In the period of final military training a portion of soldiers attend the month long Basic Leadership Capabilities Course. The institution of conscientious objection exists in the Republic of Croatia, according to which draftees regulate their obligation through civilian service of their conscript period. Civilian service of the conscript period lasts 9 months.

One of the most important priorities of training and education in the CAF is the learning of foreign languages, a key aspect of interoperability with NATO, conducted by the Foreign Languages School. The School has departments for the English, German, and French languages while it tutors Italian. Classes are held at the central school in Zagreb and in two separate sections in Split and Osijek. Within the school a Centre for Individual Learning of Foreign Languages has also been established. In its work the school places emphasis on preparation of candidates for schooling and training as well as participation in peace



operations abroad. A part of foreign language education is conducted through the education of personnel abroad.

The CAF training system will be focused on priorities of intensified training with the use of simulations in training at the tactical level, training for non-war activities as well as creating preconditions for the conduct of training with the assistance of computer simulations on the operative-strategic level. Furthermore, training will be conducted for peacetime tasks, tasks in response to asymmetric threats, tasks during a direct threat and war, engaging our own capacities and including experts and facilities for training in the military and civilian portions of the defence system. The Combat Training Centre has a significant place in the training of the Army and is a presumption for the development of training for joint operations.

During 2004 the MILES simulation system was placed into operative use which enabled a significant increase in quality of exercises on the terrain.

15.2.5. Equipping And Modernization

Realised equipping and modernization plans for 2004:

- Further conduct of the “Sky” project – equipping with radar systems for the control of air space;
- Further conduct of the “Sea” project – equipping with radar systems for the control of coastal space;
- Equipping with terrain vehicles that have four wheel drive;
- Acquisition of engineering machines for units intended to take part in NATO/PfP peace support operations;
- Demining machines and equipment for units intended to take part in NATO/PfP peace support operations;
- Gyroscope system “Raytheon MINS”, installed on RTOP-11;
- “Linkej” system, installed on RT D-02 “Kralj Zvonimir”;
- Equipping with MNS M-90 naval mine;
- Overhaul and partial modernization of An-32B transport aircraft;
- Modernization of Mi-8 MTV-1 helicopter for participation in NATO/PfP peace support missions;
- Equipping units intended to participate in NATO/PfP peace support operations with personal equipment.

Foreseen equipping and modernization programs for the year 2005:

- Further conduct of the “Sky” project – equipping with radar systems for the control of air space;
- Further conduct of the “Sea” project – equipping with radar systems for the control of coastal space;
- Equipping with transport vehicles of differing purposes (5 and 10 ton transport vehicles, tankers for water, tankers for fuel);
- Project for acquisition of wheeled armoured personnel carriers of differing types;
- Acquisition of AK-630 artillery for RT D-02 “Kralj Zvonimir”, and the completion of equipping the ship;



- Continuation of building a small anti-mine ship;
- Continuation of AN-32B transport aircraft modernization;
- General overhaul of Mi-8 MTV-1 transport helicopter;
- Equipping with tactical fuel handling equipment.

15.3. BUDGET INFORMATION

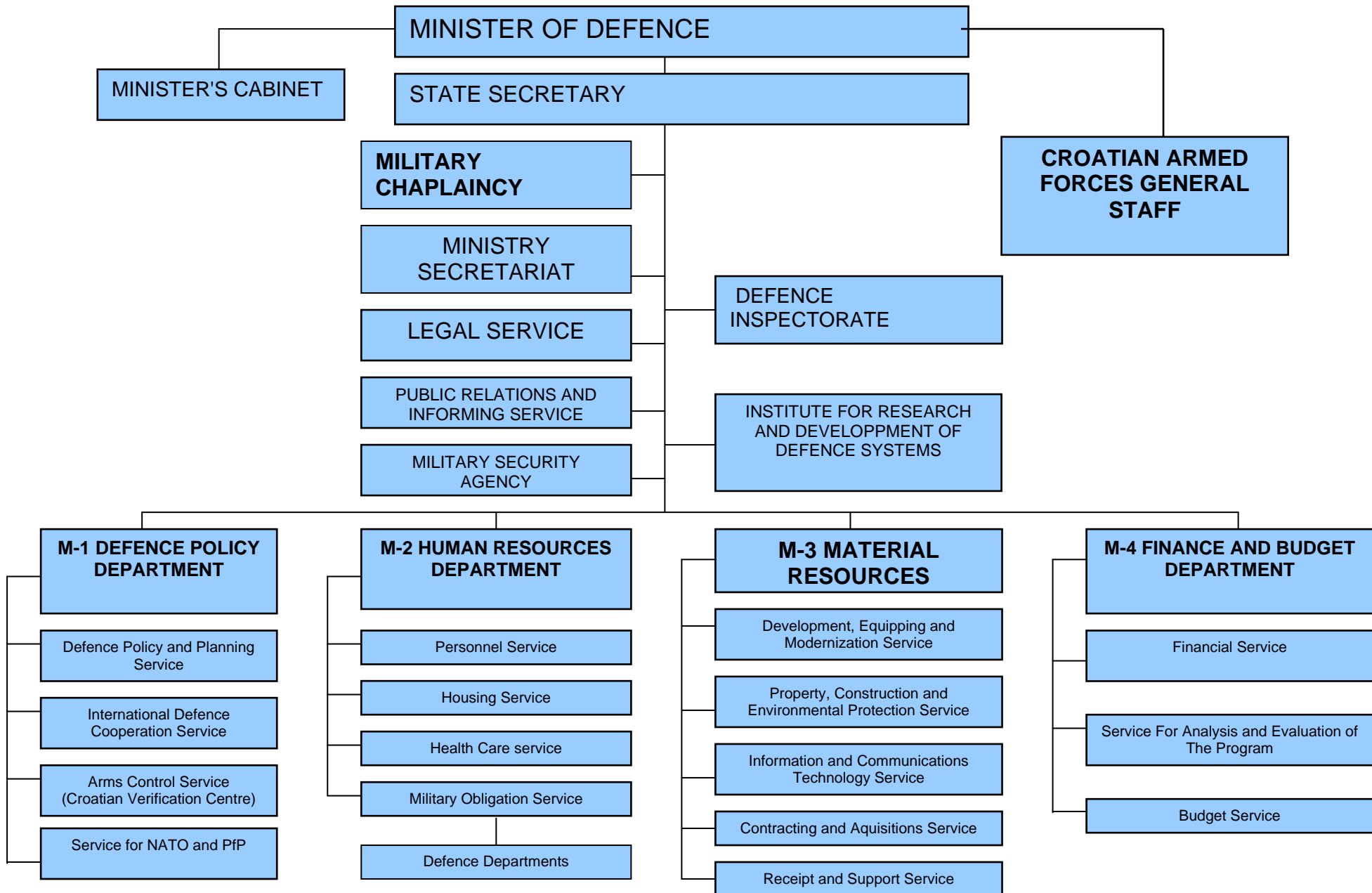
Budget information is provided in the annexes.



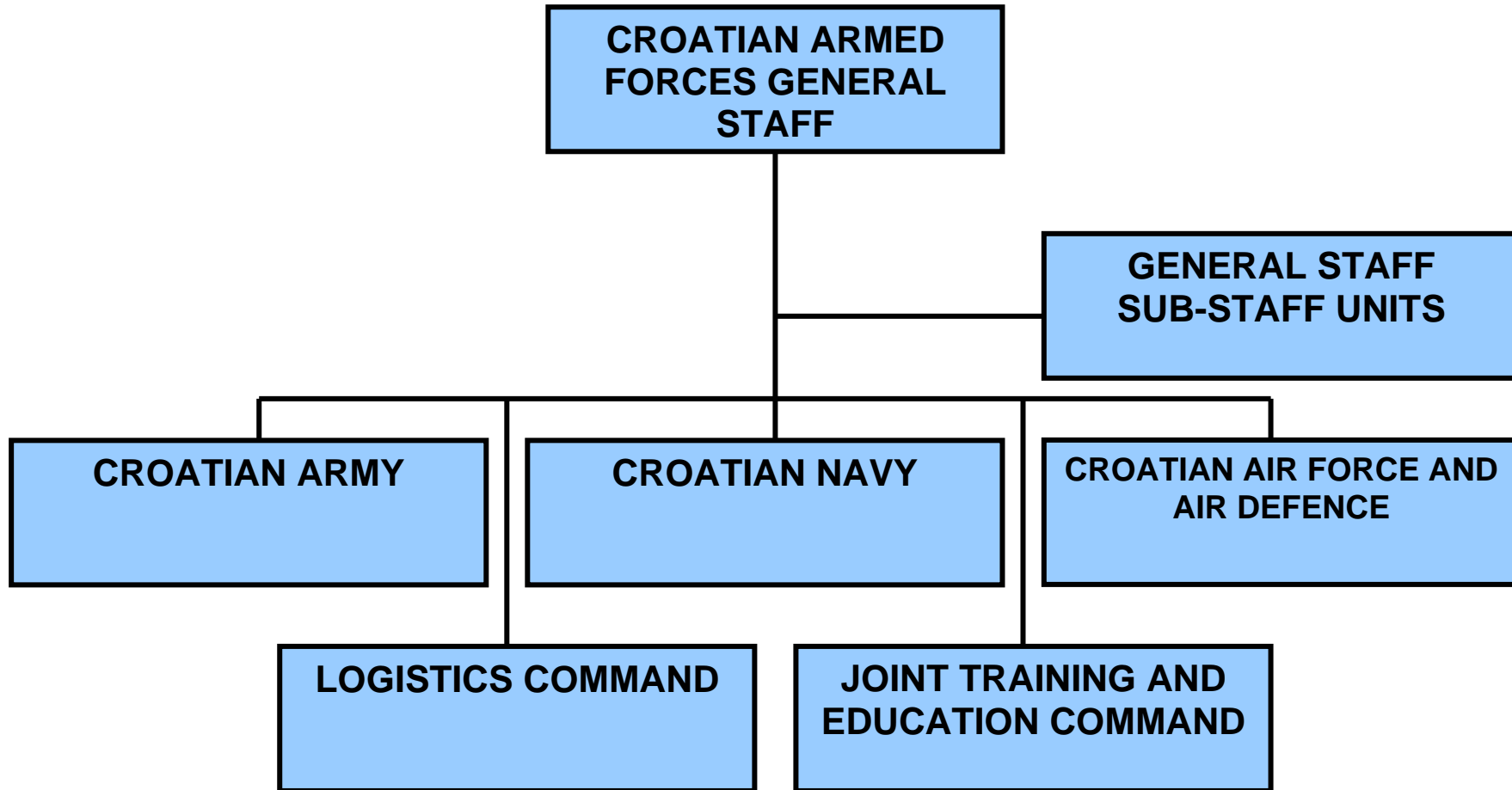
ANNEXES

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11. Projection of MoD Financial Plan over the 2006 – 2007 Period

ANNEX 1. – ORGANIZATION OF THE MINISTRY OF DEFENCE



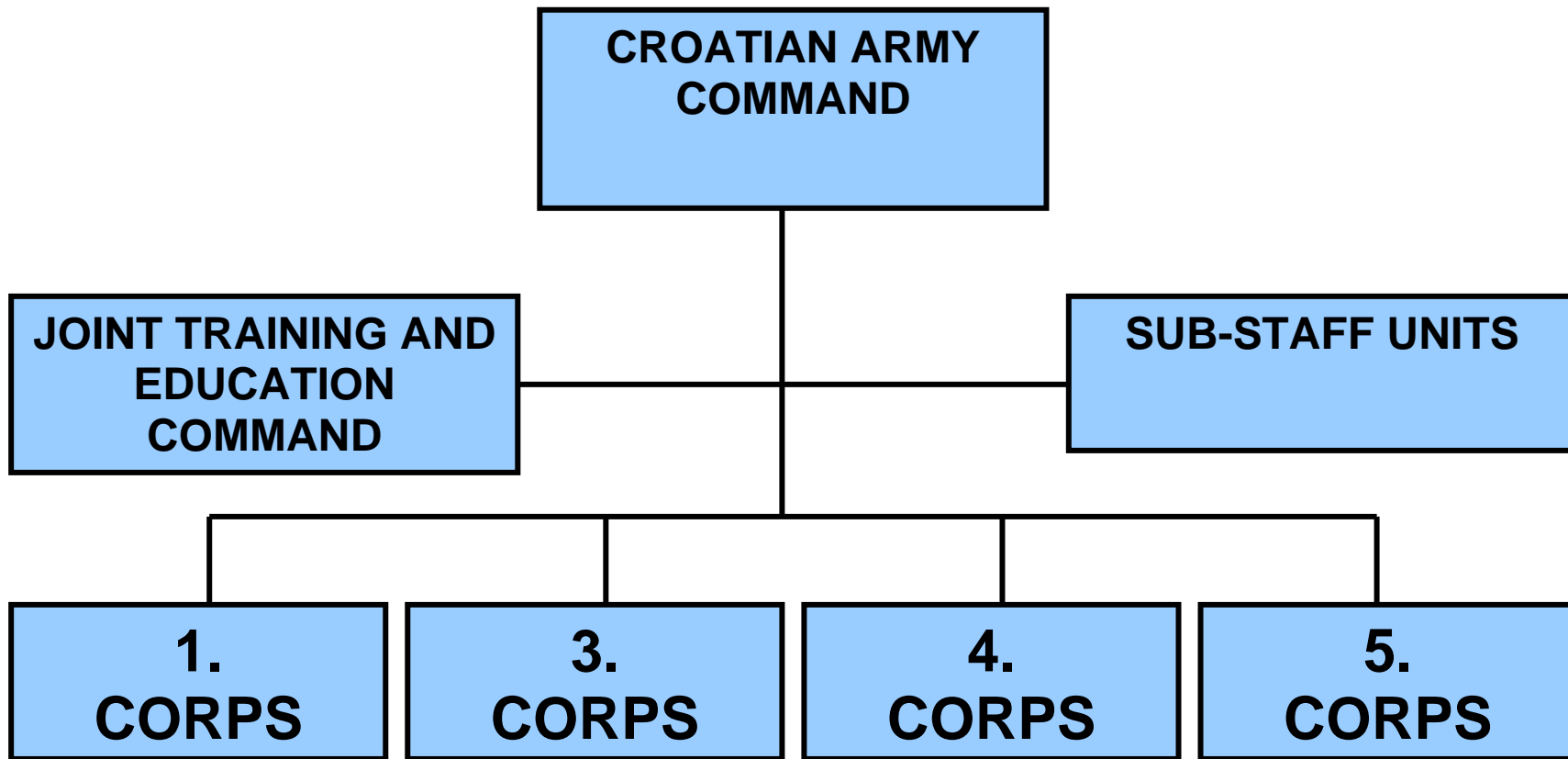
ANNEX 2. – ORGANIZATION CHART OF THE CROATIAN ARMED FORCES



ANNEX 3. – MILITARY-TERRITORIAL DIVISION OF THE REPUBLIC OF CROATIA

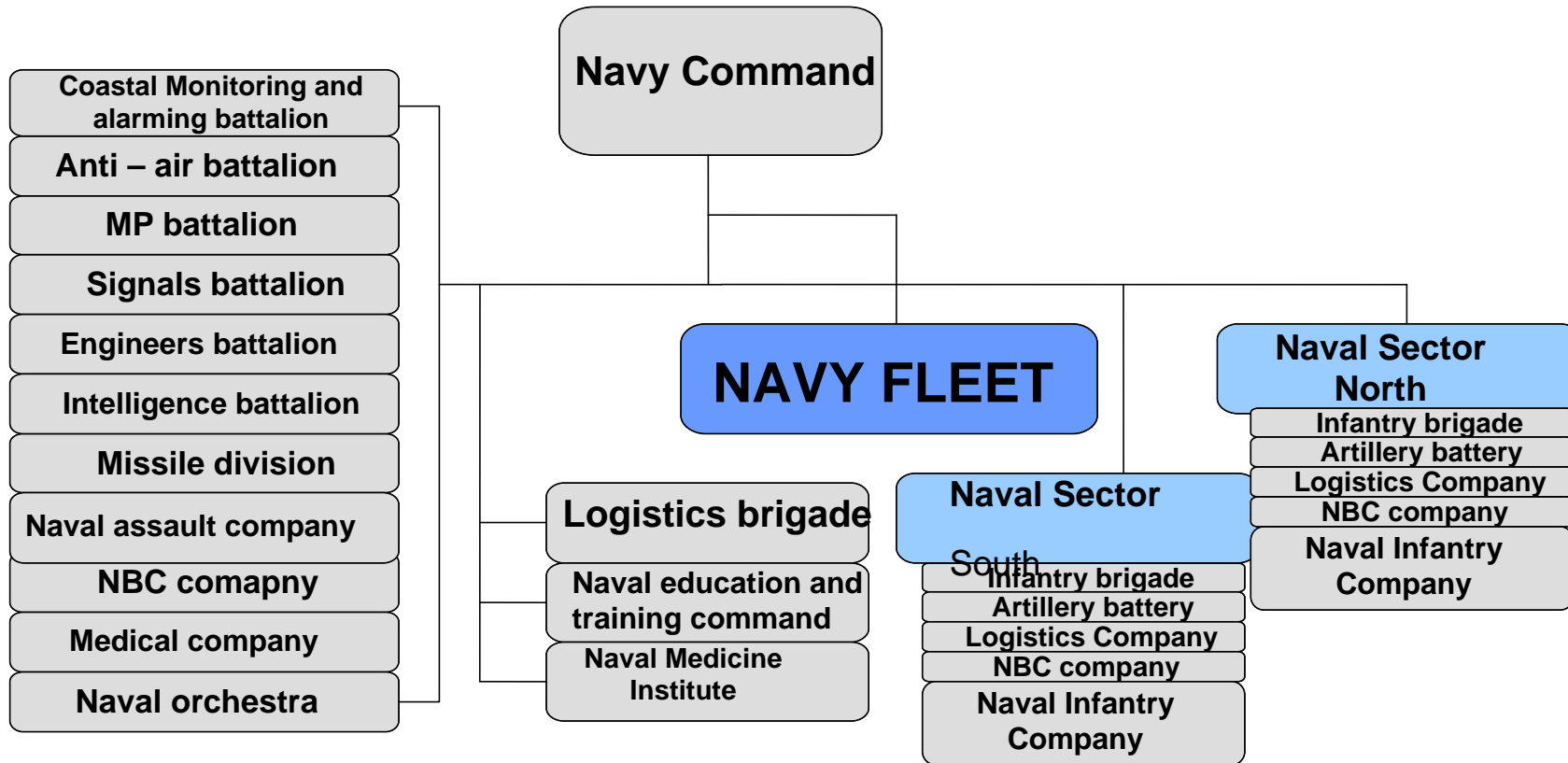


ANNEX 4. – ORGANIZATION CHART OF THE CROATIAN ARMY

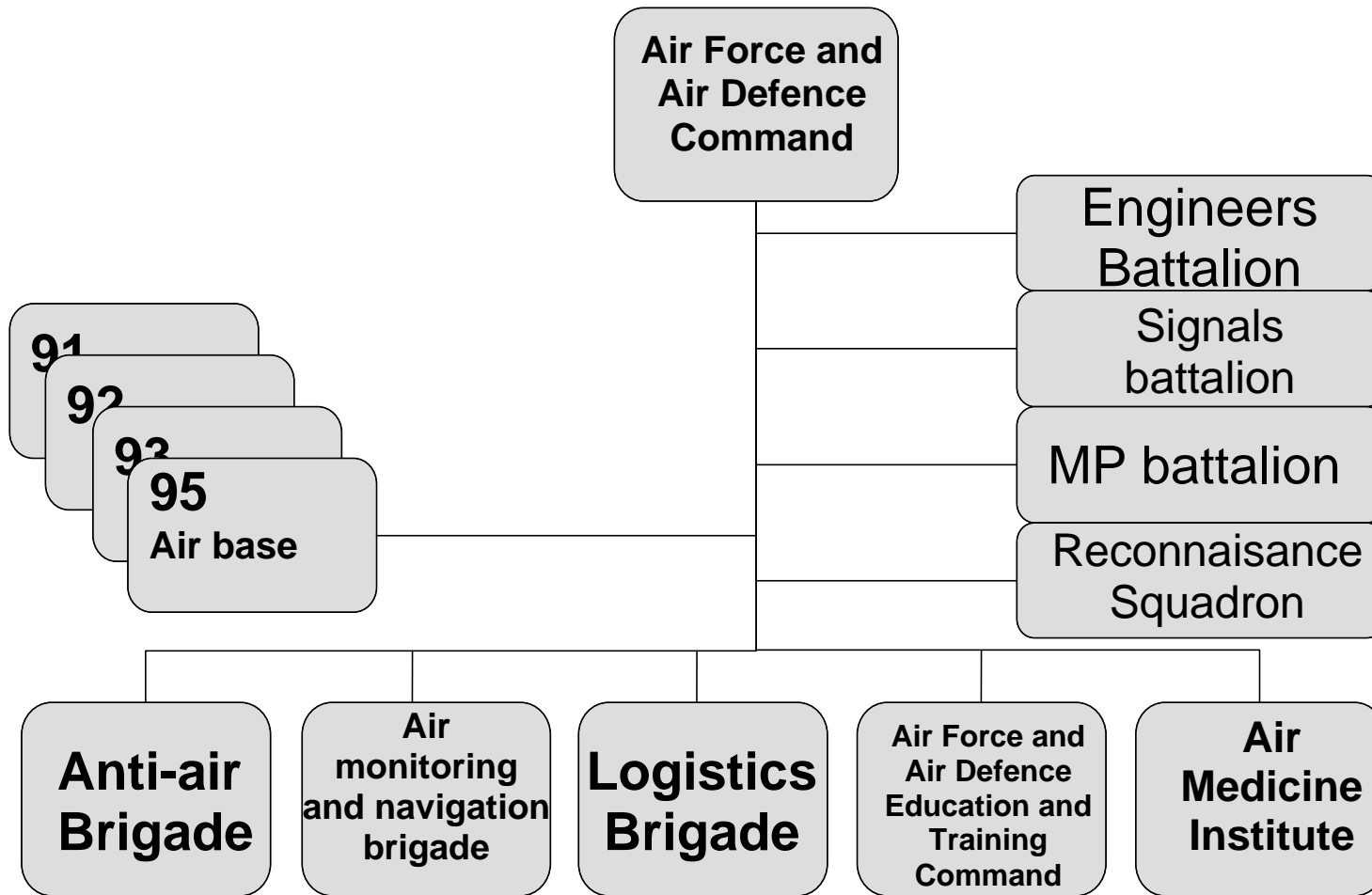


ANNEX 5. – ORGANIZATION CHART OF THE CROATIAN NAVY

CROATIAN NAVY



ANNEX 6. ORGANIZATION CHART OF THE CROATIAN AIR FORCE AND AIR DEFENCE



CROATIA MOD BUDGET EXECUTION FOR THE FISCAL YEAR 2003.

in 000 kn

SUBJECT: CSBM / VIENNA DOC. 99 / DEFENSE PLANNING/INFORMATION ON MILITARY EXPENDITURES FOR THE FISCAL YEAR 2003.

Force groups Resource costs	Strategic forces	Land forces	Naval forces	Air forces	Other combat forces	Central support administration and		Paramilitary forces	Military assistance			Undistribut ed	Total military expenditure (1-12)	Civil defence
						Support	Command		Home territory	Abroad	UN Peace keeping			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
The Fiscal Year begins in (Month / Year)	January 2003.													
The following information is provided in accordance with "15.3/15.4.1/15.4.2" (Designate one reference only):	15.3. Information on previous expenditures													
1. OPERATING COSTS		353.127	31.757	51.890		90.477	3.987				0	0	531.238	
1.1 Personnel		296.463	23.997	31.269	0	53.921	2.952						408.602	
1.1.1 Conscripts		2.141	185	153			30						2.509	
1.1.2. Other military personnel, including reserves		245.916	18.447	24.996		13.768	2.922						306.048	
1.1.3 Civilian personnel		48.406	5.366	6.120		40.153							100.044	
1.2 Operations and maintenance		56.664	7.760	20.622	0	36.555	1.035						122.636	
1.2.1 Materials for current use		38.557	3.717	9.023		10.257	241						61.796	
1.2.2 Maintenance and repair		5.886	2.223	7.300		2.915	306						18.629	
1.2.3 Purchased services		8.302	899	910		10.628	127						21.045	
1.2.4 Rent costs		22	14	4		1.041							1.207	
1.2.5 Other		3.897	907	3.384		11.714	362						20.265	
2. PROCURMENT/CONSTRUCTION		15.219	8.264	13.493	0	3.229	230			0	0	0	40.435	0
2.1 Procurement		13.136	6.677	10.341	0	1.173	0			0	0	0	31.327	
2.1.1 Aircraft and engines				4.391									4.391	
2.1.2 Missiles incl. conv. warheads													0	
2.1.3 Nuclear warheads and bombs													0	
2.1.4 Ships and boats			2.142										2.142	
2.1.5 Armoured vehicles		6.983											6.983	
2.1.6 Artillery													0	
2.1.7 Other ordnance and ground force weapons		213											213	
2.1.8 Ammunition						27							27	
2.1.9 Electronics and communications		2.661	3.220	4.723									10.605	
2.1.10 Non armoured vehicles													0	
2.1.11 Other		3.278	1.314	1.227		1.146							6.966	
2.2 Construction		2.084	1.587	3.152	0	2.056	230			0	0	0	9.108	
2.2.1 Air bases, airfields													0	
2.2.2 Missile sites													0	
2.2.3 Naval bases and facilities													0	
2.2.4 Electronics etc.			1.003	2.610		1.717							5.330	
2.2.5 Personnel facilities		1.352	493				230						2.075	
2.2.6 Medical facilities													0	
2.2.7 Training facilities													0	
2.2.8 Warehouses, depots, etc.													0	
2.2.9 Command and adm. facilities													0	
2.2.10 Fortifications													0	
2.2.11 Shelters													0	
2.2.12 Land													0	
2.2.13 Other		732	91	542		338							1.703	
3. RESEARCH AND DEVELOPMENT		0	0	0	0	268	0			0	0	0	268	0
3.1 Basic and applied research						268							268	
3.2 Development, testing and evaluation													0	
4. TOTAL (1+2+3)		368.346	40.021	65.383	0	93.974	4.217			0	0	0	571.941	0
Remarks, if applicable														

CROATIA MOD BUDGET EXECUTION FOR THE FISCAL YEAR 2004.

in 000 €

SUBJECT: CSBM / VIENNA DOC. 99 / DEFENSE PLANNING/INFORMATION ON MILITARY EXPENDITURES FOR THE FISCAL YEAR 2004.

	Force groups Resource costs	Strategic forces	Land forces	Naval forces	Air forces	Other combat forces	Central support		Paramilitary forces	Military assistance			Undistributed	Total military expenditure (1-12)	Civil defence
							Support	Command		Home territory	Abroad	UN Peace keeping			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
	The Fiscal Year begins in (Month / Year)	January/2004													
	The following information is provided in accordance with "15.3/15.4.1/15.4.2"(Designate one reference only):	15.4. Current fiscal year													
1.	OPERATING COSTS		272.543	33.139	44.867		81.994	43.947	0	0	0	0	0	476.490	
1.1	Personnel		232.664	23.719	32.649	0	53.132	31.244	0	0	0	0	0	373.408	
1.1.1	Conscripts		1.261	165	128	0	5	486						2.045	
1.1.2	Other military personnel, including reserves		208.701	20.534	28.636	0	21.179	22.186						301.236	
1.1.3	Civilian personnel		22.702	3.020	3.885	0	31.948	8.572						70.127	
1.2	Operations and maintenance		39.879	9.419	12.218	0	28.862	12.704	0	0	0	0	0	103.082	
1.2.1	Materials for current use		27.257	5.284	6.338	0	2.951	7.147						48.978	
1.2.2	Maintenance and repair		2.836	2.482	2.937	0	2.876	1.680						12.810	
1.2.3	Purchased services		6.644	966	920	0	7.840	3.246						19.616	
1.2.4	Rent costs		173	0	152	0	1.166	0						1.491	
1.2.5	Other		2.968	687	1.872	0	14.029	630						20.186	
2.	PROCUREMENT/CONSTRUCTION		14.663	4.908	4.173	0	4.195	1.093	0	0	0	0	0	29.032	
2.1	Procurement		14.160	2.685	1.263	0	2.996	669	0	0	0	0	0	21.773	
2.1.1	Aircraft and engines		0	0	228	0	0	0						228	
2.1.2	Missiles incl. conv. warheads		0	0	0	0	0	0						0	
2.1.3	Nuclear warheads and bombs		0	0	0	0	0	0						0	
2.1.4	Ships and boats		0	966	0	0	0	0						966	
2.1.5	Armoured vehicles		453	45	50	0	18	27						593	
2.1.6	Artillery		267	0	0	0	0	0						267	
2.1.7	Other ordnance and ground force weapons		2.224	0	0	0	0	0						2.224	
2.1.8	Ammunition		232	10	0	0	0	0						242	
2.1.9	Electronics and communications		3.621	6	119	0	609	69						4.424	
2.1.10	Non armoured vehicles		4.591	0	0	0	41	0						4.633	
2.1.11	Other		2.773	1.658	866	0	2.328	573						8.197	
2.2	Construction		503	2.223	2.910	0	1.199	424						7.259	
2.2.1	Air bases, airfields		0	0	0	0	0	0						0	
2.2.2	Missile sites		0	0	0	0	0	0						0	
2.2.3	Naval bases and facilities		0	0	0	0	0	0						0	
2.2.4	Electronics etc.		0	0	0	0	0	0						0	
2.2.5	Personnel facilities		30	84	0	0	1.154	424						1.693	
2.2.6	Medical facilities		0	0	0	0	0	0						0	
2.2.7	Training facilities		0	0	0	0	0	0						0	
2.2.8	Warehouses, depots, etc.		6	0	0	0	0	0						6	
2.2.9	Command and adm. facilities		0	0	0	0	0	0						0	
2.2.10	Fortifications		0	0	0	0	0	0						0	
2.2.11	Shelters		0	0	0	0	0	0						0	
2.2.12	Land		0	0	0	0	0	0						0	
2.2.13	Other		467	2.138	2.910	0	45	0						5.560	
3.	RESEARCH AND DEVELOPMENT		375	22	119	0	1.007	5	0	0	0	0	0	1.527	
3.1	Basic and applied research		375	22	119	0	1.007	5						1.527	
3.2	Development, testing and evaluation		0	0	0	0	0	0						0	
4.	TOTAL (1+2+3)		287.581	38.068	49.159	0	87.196	45.045	0	0	0	0	0	507.048	
Remarks, if applicable 1€=7.5															

CROATIA MOD BUDGET FOR THE FISCAL YEAR 2005.

in 000 €

SUBJECT: CSBM / VIENNA DOC. 94 / DEFENSE PLANNING/INFORMATION ON MILITARY EXPENDITURES FOR THE FISCAL YEAR 2005.														
Force groups Resource costs	Strategic forces	Land forces	Naval forces	Air forces	Other combat forces	Central support administration and		Paramilita ry forces	Military assistance			Undistrib uted	Total military expenditure (1 12)	Civil defence
						Support	Command		Home territory	Abroad	UN Peace keeping			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
The Fiscal Year begins in (Month / Year)	January/2005													
The following information is provided in accordance with "15.3/15.4.1/15.4.2"(Designate one reference only):	15.4. Current fiscal year													
1. OPERATING COSTS		236.911	30.220	46.446		73.394	56.182	0	0	0	0	0	443.154	
1.1 Personnel		207.858	22.951	32.078	0	46.074	41.687	0	0	0	0	0	350.647	
1.1.1 Conscripts		1.908	105	128	0	0	271						2.413	
1.1.2 Other military personnel, including reserves		189.711	20.068	28.219	0	18.952	32.929						289.879	
1.1.3 Civilian personnel		16.239	2.778	3.731	0	27.122	8.487						58.356	
1.2 Operations and maintenance		29.053	7.269	14.368	0	27.320	14.495	0	0	0	0	0	92.506	
1.2.1 Materials for current use		19.867	3.272	7.107	0	5.050	8.566						43.862	
1.2.2 Maintenance and repair		1.313	2.328	4.687	0	3.994	812						13.134	
1.2.3 Purchased services		5.832	1.173	1.777	0	8.798	3.832						21.412	
1.2.4 Rent costs		51	68	104	0	1.556	7						1.786	
1.2.5 Other		1.990	428	694	0	7.922	1.278						12.312	
2. PROCURMENT/CONSTRUCTION		18.200	5.686	5.164	0	7.470	4.297	0	0	0	0	0	40.817	
2.1 Procurment		17.105	4.686	4.624	0	5.687	2.142	0	0	0	0	0	34.244	
2.1.1 Aircraft and engines		0	0	200	0	0	0						200	
2.1.2 Missiles incl. conv. warheads		107	0	0	0	0	0						107	
2.1.3 Nuclear warheads and bombs		0	0	0	0	0	0						0	
2.1.4 Ships and boats		0	3.650	0	0	0	0						3.650	
2.1.5 Armoured vehicles		8.393	0	0	0	0	0						8.393	
2.1.6 Artillery		267	0	0	0	0	0						267	
2.1.7 Other ordnance and ground force weapons		3.108	0	0	0	0	0						3.108	
2.1.8 Ammunition		180	0	24	0	0	33						237	
2.1.9 Electronics and communications		2.072	420	878	0	1.792	303						5.466	
2.1.10 Non armoured vehicles		1.250	0	249	0	220	215						1.934	
2.1.11 Other		1.728	616	3.273	0	3.675	1.591						10.883	
2.2 Construction		1.095	1.000	540	0	1.783	2.155						6.572	
2.2.1 Air bases, airfields		0	0	0	0	0	0						0	
2.2.2 Missile sites		0	0	0	0	0	0						0	
2.2.3 Naval bases and facilities		0	0	0	0	0	0						0	
2.2.4 Electronics etc.		0	0	0	0	0	0						0	
2.2.5 Personnel facilities		659	200	0	0	720	593						2.173	
2.2.6 Medical facilities		0	0	0	0	0	0						0	
2.2.7 Training facilities		143	7	0	0	7	15						171	
2.2.8 Warehouses, depots, etc.		53	0	0	0	0	880						933	
2.2.9 Command and adm. facilities		0	0	140	0	727	267						1.133	
2.2.10 Fortifications		0	0	0	0	0	0						0	
2.2.11 Shelters		0	0	0	0	0	0						0	
2.2.12 Land		0	0	0	0	0	0						0	
2.2.13 Other		239	793	400	0	329	400						2.162	
3. RESEARCH AND DEVELOPMENT		0	0	0	0	2.617	0	0	0	0	0	0	2.617	
3.1 Basic and applied research						2.617							2.617	
3.2 Development, testing and evaluation													0	
4. TOTAL (1+2+3)		255.111	35.906	51.610		83.481	60.479	0	0	0	0	0	486.587	
Remarks, if applicable 1€=7.5 kn														

**ANNEX 10. CHANGES IN THE GDP, STATE BUDGET AND
THE DEFENCE BUDGET (2001 – 2005)**

					<i>in 000 000 €</i>
	2001.	2002.	2003.	2004.	2005.
GDP	21.721	23.524	25.320	27.309	29.213
STATE BUDGET	7.228	10.834	11.696	13.854	13.755
DEFENSE BUDGET	654	618	642	587	547

**ANNEX 11. PROJECTION OF THE MINISTRY OF DEFENCE
FINANCIAL PLAN OVER THE 2006 – 2007 PERIOD**

in 000 000 €		
	BUDGET 2006*	BUDGET 2007**
1. OPERATING COSTS	446	445
1.1. Personell costs	335	317
1.2. Other operating costs	111	128
2. PROCUREMENT/ CONSTRUCTION	66	109
3. RESEARCH & DEVELOPMENT	5	5
TOTAL	516	560
*1€=7.5 kn in 2006.		
** 1€=7.6 kn in 2007.		