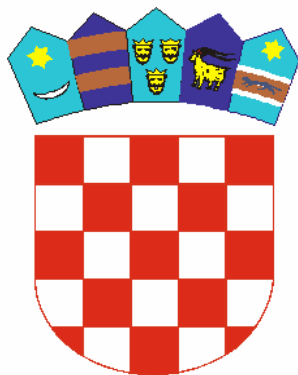


O S C E
FORUM FOR SECURITY COOPERATION



PARTICIPATING STATE

REPUBLIC OF
CROATIA

ANNUAL EXCHANGE OF
INFORMATION ON DEFENCE
PLANNING 2006

VIENNA DOCUMENT 1999



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I. 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 2006.

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 2005, 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 2006.

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 and EU 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 defence 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 20 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 Southeastern Europe: CENCOOP (Central European Nation Cooperation in PSO), the American-Adriatic Charter, the Quadrilateral, SEDM (South-East Defence Ministerial), Adriatic-Ionian Initiative, SEEC (South-East European Cooperation Process), SEEC (South-East European Clearinghouse);
- The activity of 15 diplomatic offices which cover 29 countries, including all neighbouring countries. The Republic of Croatia intends to cover all NATO countries by providing additional accreditation to existing military attaches;

- International peace operations, with 30 members in 9 peace missions under the auspices of the United Nations, as well as the ISAF mission, which is planned to be increased from 50 members to a maximum of 150 CAF members in 2006.

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 2005-2006, the Republic of Croatia has entered a fourth cycle of the Membership Action Plan. During the fourth cycle the Republic of Croatia will continue with: reform of the defence system and achievement of CAF compatibility with the armed forces of NATO member countries; an increase and broadening of a concrete contribution to NATO peace support operations; continuation of strengthening and intensifying cooperation with the other two MAP countries: Albania and Macedonia; and participation in the NATPO program for Serbia and Montenegro.

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 completed a Strategic Defence review that provided guidelines for the continuation of defence reforms and, based on its conclusions, began the revision of strategic documents after which laws will be corrected that arrange the field of defence in the republic of Croatia. All of these documents will be adjusted to new political conditions, taking into account the reality of expected accession to NATO and the European Union.

Military Strategy

The Military Strategy of the Republic of Croatia is a 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 and role of 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.

During 2006 the CAF Long Term Development Plan (LTDP) 2006-2015 will be entered into parliamentary procedure.

The LTDP reflects the findings and recommendations within the Strategic Defence Review which were the result of intense activity within the MoD and CAF and the fruit of wider cooperation between the MoD and other Government Agencies, the office of the President of The Republic of Croatia, experts in the field of defence from Croatia as well as future NATO allies.

The task of the LTDP is to determine the direction of CAF development over the next ten year period and to define the obligations of defence system elements in its achievement. The LTDP is the starting point for the development of all development and implementation plans within the framework of the CAF and MoD, including the defence budget proposal and MoD financial plan.

The aim of this plan is to determine military capabilities that the CAF will develop and maintain as well as financial frameworks and the dynamics of their full achievement. Following the findings and recommendations within the Strategic defence review, future military capabilities will be suited to modern security challenges and available resources.

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*.

15.1.3. Personnel Management Policy

Personnel management policy is implemented through four programs: the recruiting program, the professional development program, the support 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.

Main personnel management system tasks for the year 2006 are:

- Work on reorganization of the personnel management system for the purpose of establishing a singular personnel management system;
- Development of the *Personnel Downsizing Plan for 2006 - 2010*;
- Development of the *Personnel Downsizing Plan* and *Personnel Hiring Plan* for 2006;
- Continued conduct of the transition and care program for separated personnel;
- Further conduct of the civil-military education program through the institutions of higher education in the Republic of Croatia;
- Further development of the training and education system with an aim to achieve 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 and the 3rd generation of cadets has been registered 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 2004.			31. December 2005.		
PERSONNEL GROUP	MOD	CAF	Total:	MOD	CAF	Total:
Active Military Personnel:						
Officers	504	5.048	5.552	463	4.802	5.265
NCOs	99	7.617	7.716	88	7.358	7.446
Enlisted	24	6.348	6.372	20	6.319	6.339
Total:	627	19.013	19.640	571	18.479	19.050
Civilian Personnel :						
Civil servants	2.036	798	2.834	1.380	668	2.048
Civil employees	924	3.898	4.822	753	3.295	4.048
State officials	10	0	10	8	0	8
Total:	2.970	4.696	7.666	2.141	3.963	6.104
Grand Total:	3.597	23.709	27.306	2.712	22.442	25.154

Note: The numerical status does not include conscripts.

Conduct Of The Personnel Separation Plan For 2005			
Rank Level Of Education	TOTAL for 2005		
	plan	achievement	difference
OFFICERS	713	528	-185
NCO	650	576	-74
ENLISTED	370	505	135
Active Military Personnel	1.733	1.609	-124
State official	0	3	3
PhD	0	2	2
Masters	0	4	4
Graduate	11	60	49
College	9	22	13
Secondary	735	768	33
Primary	340	228	-112
Servants and Employees	1.095	1.087	-8
TOTAL	2.828	2.696	-132

Conduct of the 2005 Recruitment Plan			
Rank Level Of Education	TOTAL for 2005		
	plan	achievement	difference
Officers	350	242	-108
Enlisted	850	711	-139
Active Military Personnel	1.200	953	-247
Graduate	58	5	-53
Graduate probationer	34	51	17
Other	0	5	5
Servants and Employees	92	61	-31
TOTAL	1.292	1.014	-278

“The 2005 Promotions Plan” foresaw the promotion of 2 035 Active Military Personnel (715 officers and 1 320 NCOs). Implementation of the plan was 105,65%.

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 and civil employees). 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 are a significant support element of foreign policy contributing to the development of good-neighbourly relations and also global stability and security. They give significant 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, NBC battalion, military police battalion and signals 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.

In accordance with conclusions from the Strategic Defence Review the decision was made in 2005 to abolish the 1st and 5th Croatian Army Corps along with an adequate change to the military-territorial division of the Republic of Croatia with an aim to rationalize the Croatian Army command system. Preparations have been conducted for the abolishment of the remaining two Croatian Army Corps over a period of transition toward a new CAF organization without a Corps structure.

- 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 UNMIS and UNOMIG operations. In 2005, under the auspices of the United Nations, the Republic of Croatia took part with its forces in the following peace support operations:

- UNMEE (Ethiopia/Eritrea) – 7 observers;
- UNMOGIP (India/Pakistan) – 8 observers (including the mission commander – Chief Military Observer/Head of Mission UNMOGIP);
- UNMIS (Sudan) – 3 staff officers;
- 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.
- UNOMIG (Georgia) – 1 military observer;

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. Along with these forces an Albanian-Croatian-Macedonian medical team, within the framework of the American-Adriatic Charter (from August 2005), is also taking part in ISAF as well as diplomats and civilian police under the Provincial Reconstruction Team since January 2005. During 2006 the Republic of Croatia intends to increase and broaden its contribution to ISAF by sending an infantry company and Mobile Liaisons Observation Team. With this participation in operations is planned to be increased from the current 50 to a maximum of 150 CAF members.

During 2006, 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. Standards used by NATO member countries 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, military-diplomatic education), 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. The International Military Operations Centre received the UN certificate for the conduct of UN



military observers' courses. Seven 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 8 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 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 terrain vehicles that have four wheel drive for participation in the ISAF operation;
- Acquisition of engineering machines and equipment for units intended to take part in NATO/PfP operations;
- Completion of a general overhaul of Mi-8 MTV-1 helicopters;
- Equipping with Tactical Fuel Handling Equipment;
- Continued equipping of CAF units intended for participation in NATO/PfP operations with personal equipment.

Foreseen equipping and modernization programs for the year 2006:

- 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, hauling trains, tankers for water, tankers for fuel);
- Project for acquisition of wheeled armoured personnel carriers of differing types;
- Continuation of acquisition of engineering machines and equipment for units intended to take part in NATO/PfP operations;
- Acquisition of NBC equipment for CAF needs (primarily for units intended to take part in NATO/PfP operations);
- Completion of equipping and testing on the “Kralj Zvonimir” ship;
- Completion of building a small anti-mine ship;
- Continuation of AN-32B transport aircraft modernization (phase 2);
- Continuation of equipping CAF units intended for participation in NATO/PfP operations with personal equipment.

15.3. BUDGET INFORMATION

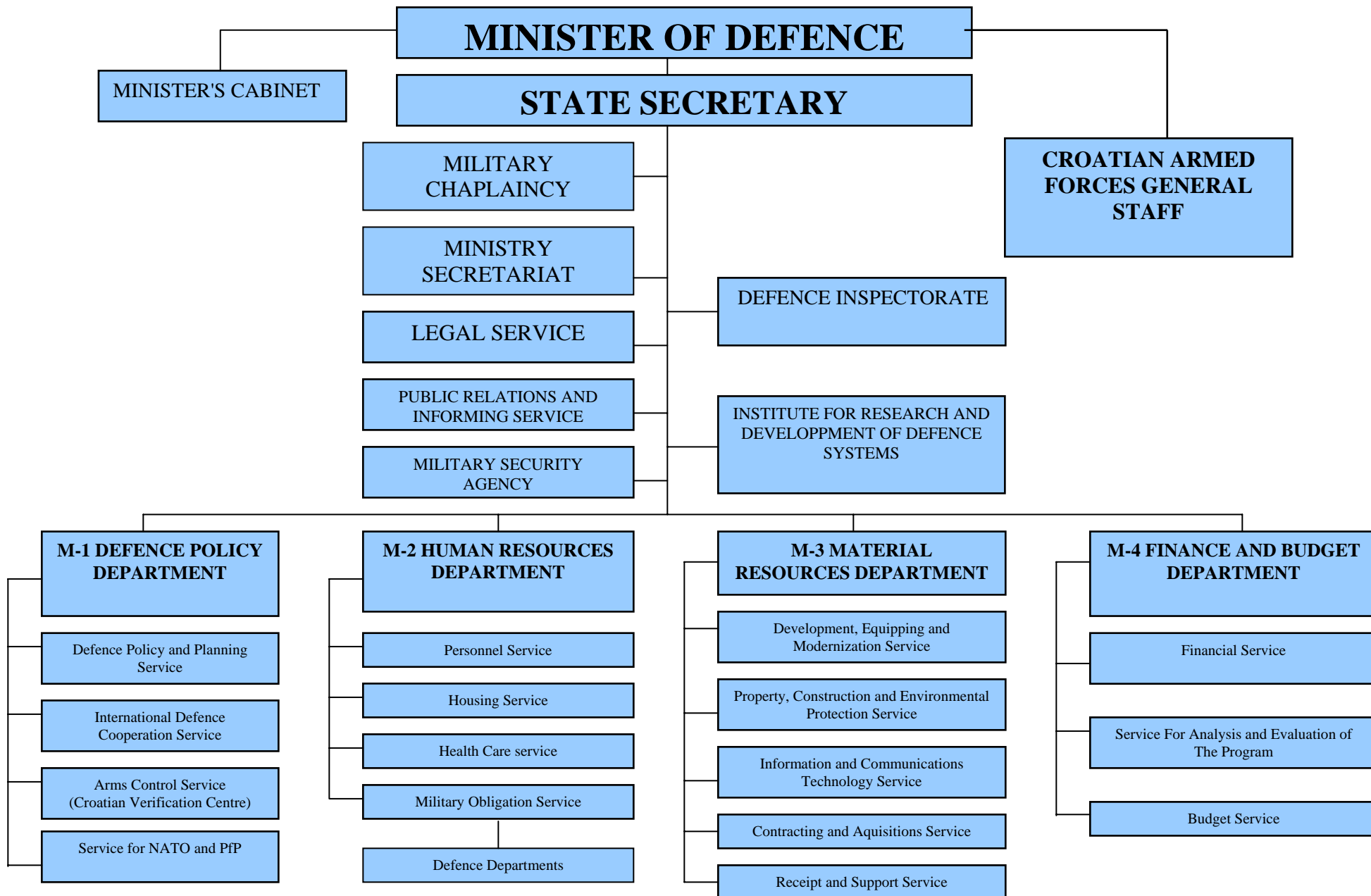
Budget information is provided in the annexes.



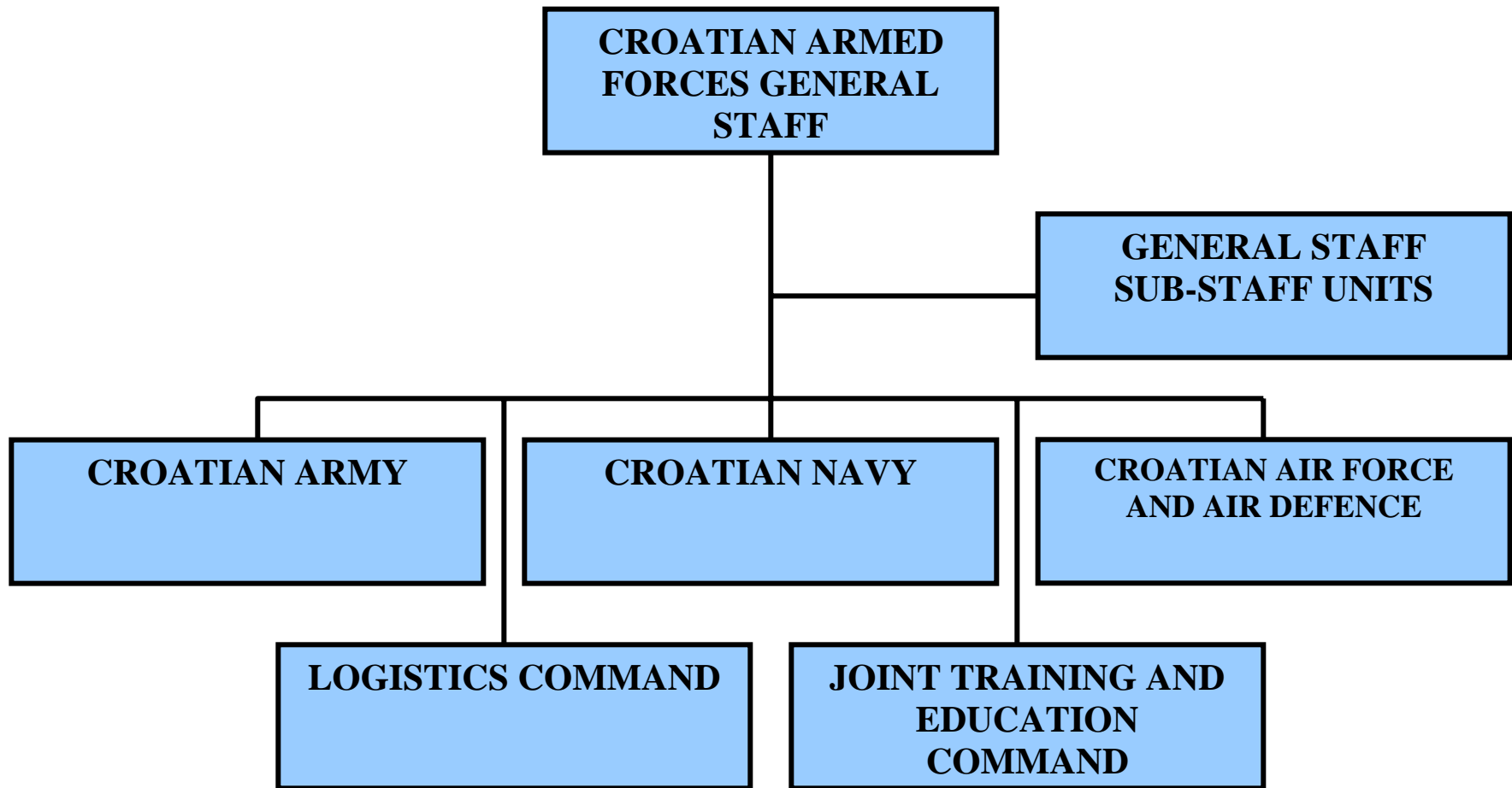
III. ANNEXES

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11. Projection of MoD Financial Plan over the 2007 – 2008 Period

ANNEX 1. – ORGANIZATION OF THE MINISTRY OF DEFENCE



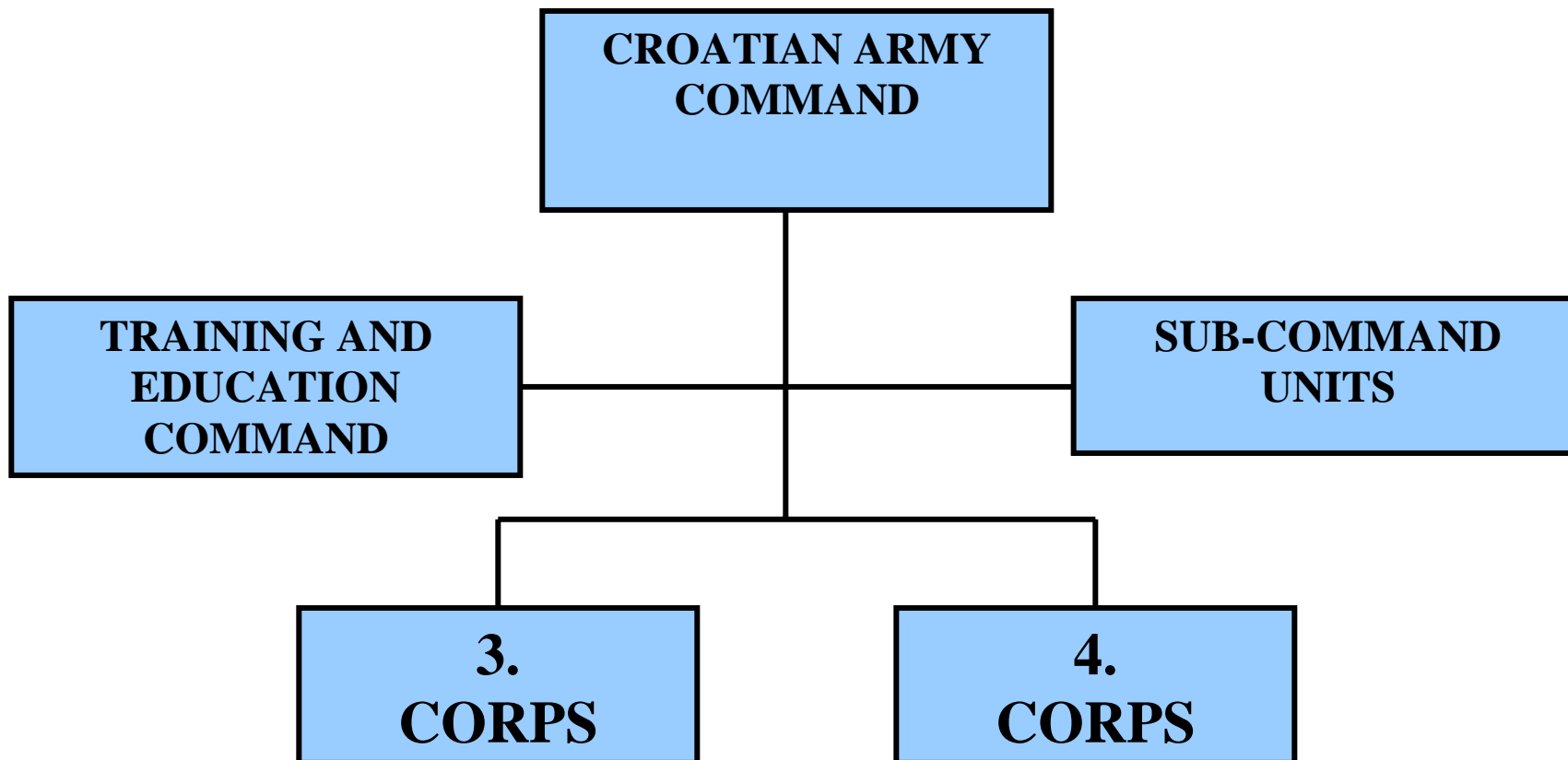
ANNEX 2. – ORGANIZATION CHART OF THE CROATIAN ARMED FORCES



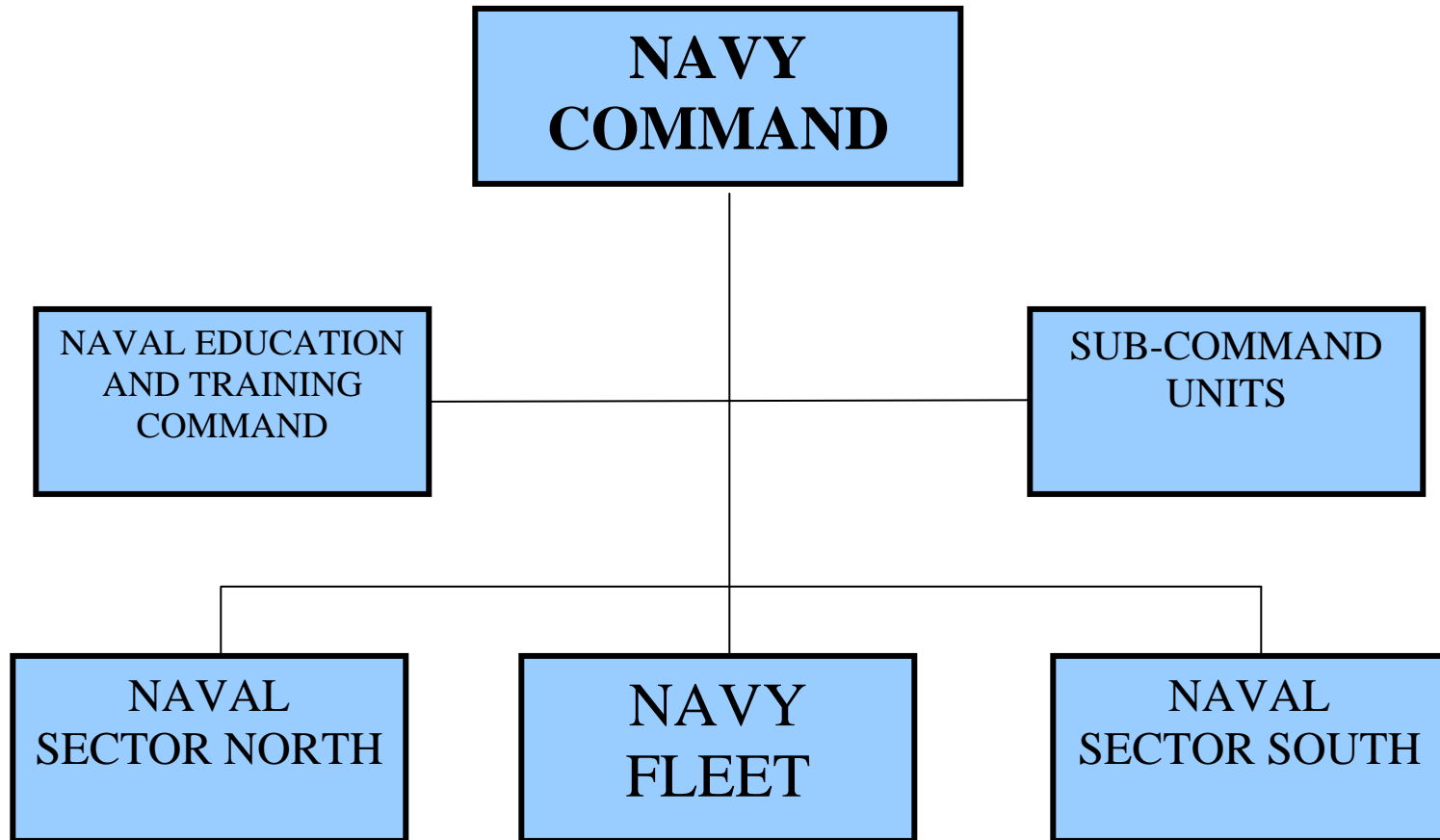
ANNEX 3. – MILITARY-TERRITORIAL DIVISION OF THE REPUBLIC OF CROATIA



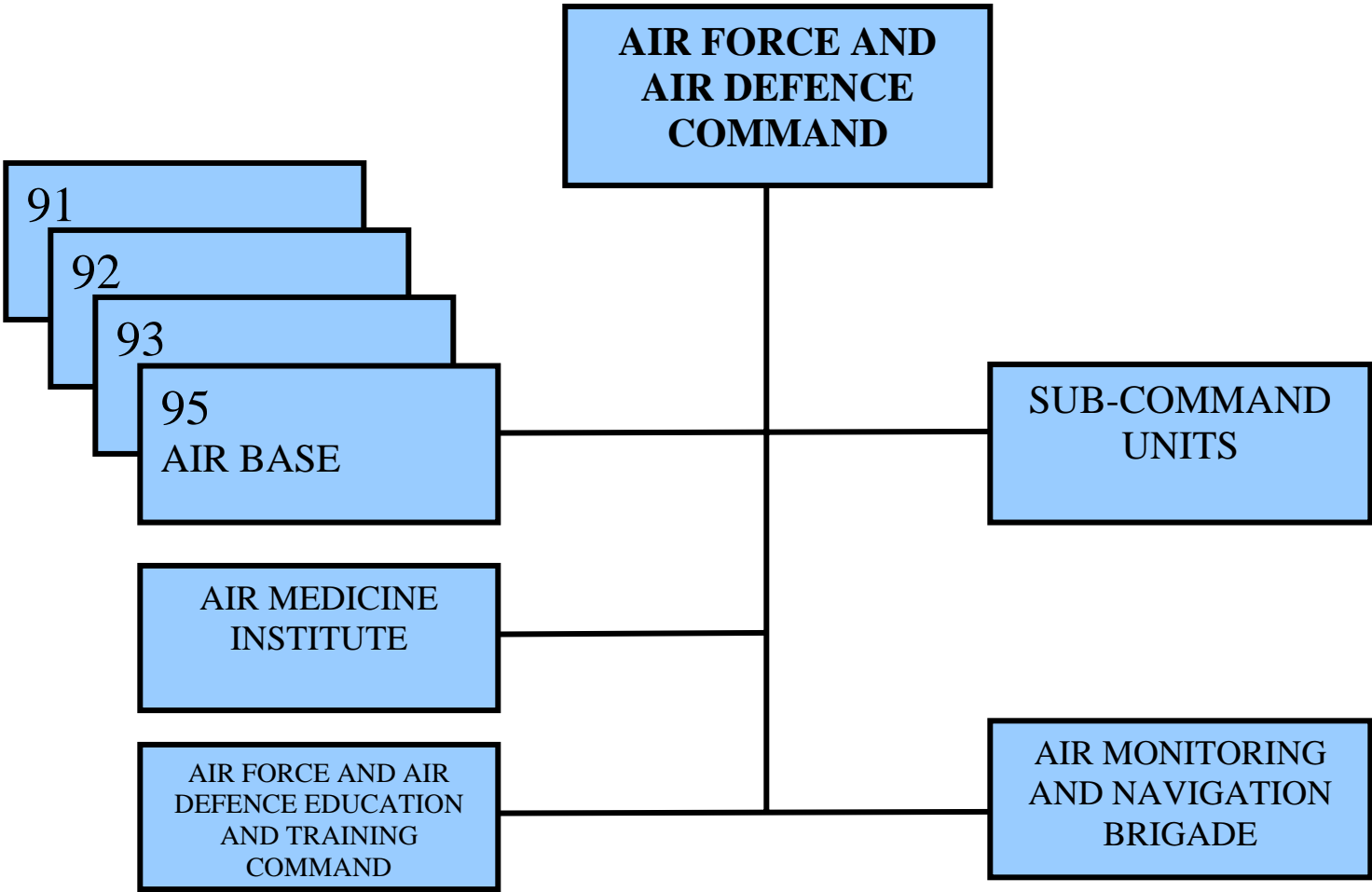
ANNEX 4. – ORGANIZATION CHART OF THE CROATIAN ARMY



ANNEX 5. – ORGANIZATION CHART OF THE CROATIAN NAVY



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



ANNEX 7. - MOD AND CAF BUDGET IMPLEMENTATION FOR 2004 IN EUROS

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 command		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 January 2006	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		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	

1€= 7,5 kn

ANNEX 8. - MOD AND CAF BUDGET IMPLEMENTATION FOR 2005 IN EUROS

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 command		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 January 2006	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		256.161	34.360	49.898		85.962	45.262	0	0	0	0	0	471.643	0
1.1	Personnel		213.973	23.383	34.365	0	46.919	28.694	0	0	0	0	0	347.334	0
1.1.1	Conscripts		1.281	159	124	0	0	299	0	0	0	0	0	1.863	0
1.1.2	Other military personnel, including reserves		192.844	20.470	30.590	0	20.687	19.827	0	0	0	0	0	284.418	0
1.1.3	Civilian personnel		19.848	2.754	3.651	0	26.231	8.569	0	0	0	0	0	61.053	0
1.2	Operations and maintenance		42.188	10.977	15.533	0	39.043	16.568	0	0	0	0	0	124.309	0
1.2.1	Materials for current use		24.139	5.405	9.457	0	10.117	9.079	0	0	0	0	0	58.198	0
1.2.2	Maintenance and repair		2.651	2.659	2.910	0	4.282	1.594	0	0	0	0	0	14.095	0
1.2.3	Purchased services		8.077	553	548	0	4.212	2.691	0	0	0	0	0	16.082	0
1.2.4	Rent costs		79	1	0	0	1.357	3	0	0	0	0	0	1.441	0
1.2.5	Other		7.241	2.359	2.617	0	19.074	3.201	0	0	0	0	0	34.492	0
2.	PROCUREMENT/CONSTRUCTION		7.081	5.792	4.759	0	4.588	2.189	0	0	0	0	0	24.409	0
2.1	Procurement		6.119	4.589	2.908	0	2.848	892	0	0	0	0	0	17.356	0
2.1.1	Aircraft and engines		0	0	84	0	0	0	0	0	0	0	0	84	0
2.1.2	Missiles incl. conv. warheads		51	0	0	0	0	0	0	0	0	0	0	51	0
2.1.3	Nuclear warheads and bombs		0	0	0	0	0	0	0	0	0	0	0	0	0
2.1.4	Ships and boats		0	4.097	0	0	18	0	0	0	0	0	0	4.115	0
2.1.5	Armoured vehicles		4	0	0	0	0	0	0	0	0	0	0	4	0
2.1.6	Artillery		0	0	0	0	0	0	0	0	0	0	0	0	0
2.1.7	Other ordnance and ground force weapons		1.649	0	0	0	0	0	0	0	0	0	0	1.649	0
2.1.8	Ammunition		197	0	0	0	0	0	0	0	0	0	0	197	0
2.1.9	Electronics and communications		2.353	457	2.253	0	1.437	576	0	0	0	0	0	7.077	0
2.1.10	Non armoured vehicles		1.080	0	66	0	294	0	0	0	0	0	0	1.440	0
2.1.11	Other		784	35	505	0	1.099	316	0	0	0	0	0	2.738	0
2.2	Construction		962	1.203	1.851	0	1.740	1.297	0	0	0	0	0	7.053	0
2.2.1	Air bases, airfields		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.2	Missile sites		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.3	Naval bases and facilities		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.4	Electronics etc.		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.5	Personnel facilities		508	116	0	0	979	449	0	0	0	0	0	2.051	0
2.2.6	Medical facilities		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.7	Training facilities		1	0	0	0	8	13	0	0	0	0	0	22	0
2.2.8	Warehouses, depots, etc.		44	0	0	0	0	421	0	0	0	0	0	465	0
2.2.9	Command and adm. facilities		0	0	0	0	583	116	0	0	0	0	0	699	0
2.2.10	Fortifications		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.11	Shelters		0	0	0	0	0	0	0	0	0	0	0	0	0
2.2.12	Land		0	0	22	0	0	0	0	0	0	0	0	22	0
2.2.13	Other		410	1.087	1.829	0	170	298	0	0	0	0	0	3.793	0
3.	RESEARCH AND DEVELOPMENT		5	3	3	0	977	0	0	0	0	0	0	989	0
3.1	Basic and applied research		5	3	3	0	977	0	0	0	0	0	0	989	0
3.2	Development, testing and evaluation		0	0	0	0	0	0	0	0	0	0	0	0	0
4.	TOTAL (1+2+3)		263.248	40.155	54.659		91.527	47.451	0	0	0	0	0	497.040	0

1€= 7,4 kn

ANNEX 9. - MOD AND CAF BUDGET FOR 2006 IN EUROS

000 €

SUBJECT: CSBM / VIENNA DOC. 94 / DEFENSE PLANNING/INFORMATION ON MILITARY EXPENDITURES FOR THE FISCAL YEAR 2006.															
	Force groups Resource costs	Strategic forces	Land forces	Naval forces	Air forces	Other combat forces	Central support administration and command		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 January 2006	January/2006													
	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		230.955	44.413	56.039	0	84.229	64.862	0	0	11.358	1.245	0	493.100	
1.1	Personnel		190.523	24.815	35.037	0	50.658	43.543	0	0	7.297	799	0	352.672	
1.1.1	Conscripts		1.675	208	300	0	0	786			0	0		2.970	
1.1.2	Other military personnel, including reserves		167.366	20.345	30.669	0	21.155	33.656			7.297	799		281.288	
1.1.3	Civilian personnel		21.482	4.261	4.067	0	29.503	9.101			0	0		68.414	
1.2	Operations and maintenance		40.432	19.598	21.002	0	33.570	21.320	0	0	4.061	445	0	140.428	
1.2.1	Materials for current use		23.298	10.744	14.736	0	4.650	11.762			1.004	26		66.221	
1.2.2	Maintenance and repair		4.999	6.498	4.088	0	4.709	2.681			216	10		23.201	
1.2.3	Purchased services		6.321	853	922	0	4.863	3.230			1.430	30		17.649	
1.2.4	Rent costs		7	19	15	0	2.783	14			41	0		2.879	
1.2.5	Other		5.808	1.483	1.241	0	16.566	3.632			1.369	379		30.478	
2.	PROCUREMENT/CONSTRUCTION		20.157	7.832	7.216	0	8.953	4.827	0	0	4.055	106	0	53.147	
2.1	Procurement		19.403	5.738	4.662	0	6.172	2.094	0	0	3.775	106	0	41.952	
2.1.1	Aircraft and engines		169	0	2.065	0	0	3			0	0		2.236	
2.1.2	Missiles incl. conv. warheads		0	0	0	0	0	0			0	0		0	
2.1.3	Nuclear warheads and bombs		0	0	0	0	0	0			0	0		0	
2.1.4	Ships and boats		193	4.459	0	0	0	0			0	0		4.653	
2.1.5	Armoured vehicles		2.524	0	0	0	0	0			0	0		2.524	
2.1.6	Artillery		392	0	541	0	0	0			0	0		932	
2.1.7	Other ordnance and ground force weapons		3.329	0	0	0	163	12			361	41		3.905	
2.1.8	Ammunition		617	0	0	0	0	0			0	0		617	
2.1.9	Electronics and communications		10.428	629	1.073	0	3.346	453			41	38		16.008	
2.1.10	Non armoured vehicles		560	0	0	0	99	135			2.135	0		2.929	
2.1.11	Other		1.192	649	983	0	2.565	1.491			1.239	28		8.147	
2.2	Construction		754	2.095	2.554	0	2.780	2.732			280	0		11.196	
2.2.1	Air bases, airfields		0	0	0	0	0	0			0	0		0	
2.2.2	Missile sites		0	0	0	0	0	0			0	0		0	
2.2.3	Naval bases and facilities		0	0	0	0	0	0			0	0		0	
2.2.4	Electronics etc.		0	0	0	0	0	0			0	0		0	
2.2.5	Personnel facilities		270	378	0	0	1.801	1.469			280	0		4.198	
2.2.6	Medical facilities		0	0	0	0	0	0			0	0		0	
2.2.7	Training facilities		4	0	0	0	0	20			0	0		24	
2.2.8	Warehouses, depots, etc.		27	0	122	0	68	757			0	0		973	
2.2.9	Command and adm. facilities		0	1.122	1.500	0	811	27			0	0		3.459	
2.2.10	Fortifications		0	0	0	0	0	0			0	0		0	
2.2.11	Shelters		0	0	0	0	0	0			0	0		0	
2.2.12	Land		0	34	0	0	0	291			0	0		324	
2.2.13	Other		453	561	932	0	101	169			0	0		2.216	
3.	RESEARCH AND DEVELOPMENT		1.125	513	460	0	2.932	235	0	0	0	0	0	5.265	
3.1	Basic and applied research		1.125	513	460	0	2.932	235			0	0		5.265	
3.2	Development, testing and evaluation		0	0	0	0	0	0			0	0		0	
4.	TOTAL (1+2+3)		252.237	52.758	63.715	0	96.113	69.924	0	0	15.413	1.351	0	551.512	

1€= 7,4 kn

**ANNEX 10. CHANGES IN THE GDP, STATE BUDGET AND
THE DEFENCE BUDGET (2002 – 2006)**

<i>in 000 000 €</i>					
	2002	2003	2004	2005	2006
GDP	24.242	26.090	27.984	29.996	32.224
STATE BUDGET	10.980	11.854	13.554	13.941	14.823
DEFENCE BUDGET	626	650	588	549	571

1€=7.4 kn

**ANNEX 11. PROJECTION OF THE MINISTRY OF DEFENCE
FINANCIAL PLAN OVER THE 2007 – 2008 PERIOD**

in 000 000 €		
	FP 2007	FP 2008
1. OPERATING COSTS	510	502
1.1. Personell costs	353	342
1.2. Other operating costs	158	160
2. PROCUREMENT/ CONSTRUCTION	79	104
3. RESEARCH & DEVELOPMENT	5	6
TOTAL	594	611
1€=7.4 kn		