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Consultancy Services in Croatian Agriculture

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SAŽETAK

Poljoprivredna savjetodavna služba u hrvatskoj

Početak poljoprivrednog savjetodavstva javlja se u Hrvatskoj u prvoj polovici 19-og stoljeća utemeljenjem Hrvatsko-slavonskog gospodarskog društva.

Na nesreću, zbog nepovoljnih povijesnih i političkih okolnosti, razvitak i djelovanje poljoprivredne savjetodavne službe u prošlosti nije slijedilo onaj put koji su prolazili danas razvijene zemlje Zapada, a posebno u nedavnoj prošlosti kada je sustavno usporavan tehničko-tehnološki kao i gospodarski razvitak obiteljskih gospodarstava. To je posebno utjecalo na brzi proces deagrarijacije i na nepovoljne demografske i društveno gospodarske značajke hrvatskih poljodjelaca.

Novi politički i gospodarski sustav u nezavisnoj Hrvatskoj suočen je s nužnosti revalorizacije osnovnih proizvodnih čimbenika u gospodarstvu te tako i u poljodjelstvu, u kojem se važnost poglavito pridaje obiteljskim gospodarstvima kao i javnim službama za poljoprivredu.

Jedna od prvih mjera hrvatske agrarne politike bilo je utemeljenje poljoprivredne savjetodavne službe koja je sada nakon više organizacijskih promjena u stadiju stvaranja novog, očekuje se, učinkovitijeg ustroja.

U budućem procesu koncentracije poljoprivrednih resursa i proizvodnje, uloga Poljoprivredne savjetodavne službe vrlo je važna u pomoći boljeg i uspješnijeg funkcioniranja i razvitka hrvatskog poljodjelstva.

INTRODUCTION

After gaining independence, Croatia as a country in transition, started implementing agricultural policy with emphasis on agricultural sector reform.

The change of political and economic system and transformation were happening under the war circumstances in 1991-1995, war devastation, destruction and limitation of production resources and until recently occupation of considerable part of production area (5).

Despite these circumstances, Croatia continue to pursue its transition, but initiated process of privatization is still not complete. Transformation has been difficult in the industrial sector and for ex-social sector agricultural enterprises, where the problems are associated with the ownership of agricultural land and denationalization (5).

Ministry of Agriculture and Forestry (MAF) together with FAO formulated an Agricultural Development Strategy, which was adopted by the Parliament in March 1995. The fundamental goal of the Strategy is promotion efficient agriculture that is "efficient production and marketing of agricultural product in a manner which improves the welfare of farmers and contributes to growth of Croatian economy, ... and ensure the competitiveness of Croatian agricultural product on the world markets. In achieving this objective, particular emphasis would be given to the family farms which are the foundation of Croatian agriculture. Strategy focuses on the following aspects of the sector: (i) structure of agriculture, (ii) rural finance, (iii) trade and price policy, (iv) farm support services, and (v) socioeconomic aspects of agriculture (14). For the present theme, policy measure for farm support is specially important. It includes the creation of a system of farm support, oriented towards improving the level and efficiency of production and marketing by Croatian family farms in a sustainable manner. These support services should encompass agricultural extension, research, market information and infrastructure.

Agricultural Structure and Production

It should be emphasized that both agricultural activity and rural areas in Croatia have undergone the significant changes in late fifties.

Croatia, as a typical agricultural country, which it was according to socioeconomic, spatial and other characteristics, has changed the course and taken the path of industrial and other nonagricultural development.

The agricultural population declined, both in absolute and relative terms, along with relative decrease of agricultural contribution to the GDP and national capital.

Table 1. Croatian Rural and Agricultural Population

	1900	1953	1981	1991
Rural (000)	...	2,984	2,264	2,187
% of total	...	75.8	51.6	45.7
Agricultural (000)	2,588	2,220	715	410
% of total	82.1	56.4	15.5	9.1

Source: Reference (12). Due to inappropriate economic and agricultural policy, mostly affected by the attitudes of the former socioeconomic system, Croatia had a very high rate of deagrification.

Table 2. Agricultural and Fishers Family Farms and Companies in Croatia 1960-1995

Farms/Years	1960	1969	1981	1991	1995
Family	653,374	614,803	569,221	534,266	534,266**
Socially -(state) owned	1,440	414	682	666*	3,141
- Enterprises	227	173	534	500	2,808***
- Cooperatives	1,213	241	148	166	333

* 1989, ** 1991, *** State owned companies (3); Public sector (53); Private firms (766); Cooperative firms (4); Stock companies (124); Limited liability companies (1958). Source: Calculation on the basis of the data of Croatian State Bureau of Statistics, Zagreb and Ref.(5)

The dual agricultural structure comprises of large agricultural enterprises owning total land of somewhat less than half thousand hectares or in average about 150 ha per enterprise (1995), and the majority of about 534,000 (1991) more or less traditional family farms own in average below three hectares.

The majority of production capacities in the Croatian agriculture, primarily of the agricultural land, is owned by the family farms.

Mentioned limitations hindering development of family farms and agriculture caused inadequate exploitation of resources in agriculture with unfavorable effect on economic development of this sector, its productivity, demographic, production and socioeconomic structure, etc.

Demographic, socio-economic, and regional consequences of the accelerated process of deagrification have been manifested through unfavorable age, sex, and educational structure of population, increased disparity between agricultural and nonagricultural income, nonuniform regional development of agriculture, etc.

Table 3. Family Farms in Croatia as per Used Land Area in 1991

Used area	No.	%	Land - ha -	%	Average size - ha -
Below 1 ha	185,922	34.8	90,864	6.3	0.5
1 - 5	265,434	49.7	670,557	46.6	2.5
5 - 10	69,587	13.0	478,588	33.3	6.7
Over 10 ha	13,323	2.5	198,817	13.8	14.9
Total	534,266 ha	100.0 %	1,438,827 ha	100.0 %	2.7 ha

Source: Calculation on the basis of the *Census (1991)* data of Croatian State Bureau of Statistics, Zagreb.

Table 4. Indices of Physical Volume of Agricultural Production. 1990 - 1995

1989=100	1990	1991	1992	1993	1994	1995
<i>Agriculture - total</i>	97.0	90.2	78.5	82.4	79.9	80.5
Arable crop production	98.0	100.0	69.0	80.0	80.0	86.8
Livestock production	95.0	72.2	72.9	67.1	65.7	61.4

Source: *Statistički ljetopis*, Croatian State Bureau of Statistics, Zagreb.

Table 5. The Advisers According to Speciality in CAACS

	Total	Agricultural economics	Farm machinery	Arable crop production	Livestock production	Horticulture	Crop protection	General
April '97	87	4	2	24	17	28	8	4
July '97	16	1	-	2	7	5	1	-
Total	103	5	2	26	24	33	9	4
<i>Share %</i>	<i>100,0</i>	<i>4.9</i>	<i>1.9</i>	<i>25.2</i>	<i>23.3</i>	<i>32.1</i>	<i>8.7</i>	<i>3.9</i>
Proposal for the 1998*	172	22	1	20	49**	58***	22	-
<i>Share %</i>	<i>100,0</i>	<i>12,8</i>	<i>0,6</i>	<i>11,6</i>	<i>28,5</i>	<i>33,7</i>	<i>12,8</i>	<i>12,8</i>

* The *criterion* for the proposed number of advisers is: (1) 20.000 livestock units per one adviser for livestock production. (Livestock unit is equal to 500 kilograms of livestock). (2) 4.000 ha orchards and vineyards per one adviser for horticultural production. (3) More than 6 percent of the county share of the total grain production in the country per one adviser for crop production. (4) In each county one adviser for crop protection and for agro-economics.

** Including the mariculture (3). *** Including besides fruit production and grape-growing also vegetable production (9), wineproduction (12) and production of the mediteranean culture (5) Source: CAACS Bulletin, no. 1, April '97, Zagreb and Ref. (20).

About one - third of these farms is below one hectare, and only a very small fraction (2.5 %) of farms are above ten hectares. About one - fourth are exclusively agricultural as regards their income, while *the large majority are the part-time farms*, which combine agricultural and nonagricultural income, namely employment.

Agricultural production in Croatia has been showing stagnation trend and decrease for a longer period of time. An average annual production rate in the period 1981-1991 was negative (-0.37 %). The sharp fall of production, as mentioned, appeared in 1990 and was continued.

Due to occupation in the period from 1989-1995 the agricultural production in Croatia declined, mostly because of decrease in production land area and number of livestock (for about 30 %). It resulted in decrease of crop

and livestock production.** This decrease was also affected by aggravating economic, market, and even climate production conditions. Bad conditions in agriculture influenced difficulties in complementary agribusiness activities, also considerably damaged by war (input industry, food-processing industry, distribution activities), etc.

In spite of favourable ecological precondition for agriculture, Croatia satisfies a great part of domestic demand by import. The *self-sufficiency rate* (under the 100) for some main product are in 1995: sheepmeat: 39.4; sugarbeet: 47.9; dairy products: 70.3; vegetable oils: 70.6;

* In 1991/92 production year only 69 % of sowing land was sown.

beef: 73.6; continent fruit (fresh): 79.3; pigmeat: 83.0; milk (fresh): 90.8; eggs: 96.5, etc. (19).

In the period 1994-1996 Croatian *import* of agricultural and food products increased and balance of payments was negative; in the year 1994 - 122 m \$ US, and in 1995 - 402 m \$ US (19).

Agricultural Consultancy (Extention) Services

Retrospective

The beginning of the agricultural extension service could in Croatia be traced to the first half of the 19th century, after founding of the *Croatian/Slavonian Agricultural Society*. This Society, the branch offices and the professional/popular journal were aimed at promoting the economic development, particularly agriculture, as well as political, national revival and opposition of Croats against foreign influence (9).**

Unfortunately, due to the adverse historical and political situation, development of agricultural service in Croatia, in the Kingdom of Yugoslavia (1918-1941) and particularly in the SFR of Yugoslavia (1945-1990), had not followed the development course set by the developed European countries. Therefore, its role and prominence in advancement of agriculture and improvement in farming population and rural society living conditions were negligible. The development of Croatia following the European course has been interrupted by its "yugoslaviation", which had detrimental consequences for general economic, social and other aspects of the country's progress.

Absence of market economy, unfavorable political impact and the general economic policy in the country has not enabled the economic mechanisms of land, production and capital concentration on family farms, and legitimate accelerated transformation of the traditional into the modern generally capital-intensive agriculture to have any effect in agriculture.

Due to considerable state incentives and stimulating administrative measures, technical and technologic advance in agriculture predominantly involved state-owned agricultural companies, while the development of family farms has been substantially decelerated.

According to the educational level of those employed in agriculture, this economic sector is on the bottom position. The well known phenomenon of negative selection, when

* Establishment of the *Croatian/Slavonian Agricultural Society* was encouraged by the Cardinal Juraj Haulik, who was at the same time the Vice-Roy's envoy, supporting the national movement and introduction of the Croatian language into all state operations. During the period 1842-43, eight regional extension services have been established (12).

young and more educated part of the farming population leaves the farms has been particularly prominent in Croatia, what adversely affected implementation of modern technological developments and use of production resources (12).

In spite to that the education level of farmers has increased more than two-third (67,6 %) of agricultural labour force in 1991 did not finish elementary school, or nine-tenth (90,5 %) finished elementary school only (13).** This is an unfavourable fact for Croatian agriculture and accentuates the importance of consultancy services.

The deagrarization process has been affected by economic, social and political factors. The income disparity between agricultural and non-agricultural profession, unfavorable social and political status of farmers have all affected unbalance in employment structure of the members of family farms, the insufficient level of capital equipping, and scope and structure of agricultural production, etc.

Until the recent change in political and social/economic system in the Republic of Croatia and gaining of its sovereignty there hasn't been neither systematically organized agricultural extension service, nor systematic education and instruction of farmers, which is a long-time practice in developed market agricultures of Europe and World.

The new political and economic system in the independent state of Croatia is faced with the task of revalorization of basic production factors and, among other issues, the role and significance of family farms as well as the public services for agriculture.

The new dimension emerging during the nineties in Croatia is a change in political and economic system, transition to the market economy, accompanied with the institutional preparations for privatization of the existing socially-owned sector in agriculture and its conversion into more competitive and efficient forms of business.

The war imposed to the Republic of Croatia and resulting destruction during 1991 and 1992 have encompassed to a considerable degree the human and production resources in agriculture. Human and material losses, in addition to the displacement of persons caused by combat activities, have considerably changed demographic, social and economic structure of the Croatian agriculture.

* The comprehensive research carried out in several Croatian villages by the *Institute of Agricultural Economics and Farm Management the Faculty of Agronomy, University of Zagreb*, indicates that the average full-time employed on family farms during 80-ties had four-grade education. The family farm members employed on full-time basis off the farm have considerably higher qualifications, eight-grade education in average. The dynamic analysis indicates that the gap between the farming and non-farming population is constantly widening (9).

Immediately after its recognition, one of the first measures in agricultural policy brought by Croatia was the decision on founding *agricultural consultancy services* and to that purpose rather modest resources have been allocated from the national budget.

The regional branch offices (with the headquarters in Zagreb) have been founded in the regions under the sovereignty of the Republic of Croatia.

In the year 1991, the *Ministry of Agriculture and Forestry* (MAF), in cooperation with the state institution called *Agricultural Center of Croatia* (ACC), has initiated establishment of public *Agricultural Consultancy Service* (ACS). The service was not organized as the legal person, however its rights and liabilities, and its public activities, ensue from the *Act on Public Needs Financing* and the *Constitution* of the Republic of Croatia.

According to the report from May 1992 the total number of employed experts was 115, and by the end of 1992 it increased to 120, which is considerably less than the 261 expert agents anticipated for 1992.

At the end of 1992, a new administrative division has been introduced in Croatia by which the state territory is divided into larger administrative units-counties, which are further divided into smaller units - municipalities.**

Administrative changes, together with former functioning of the ACS requested its adaptation and reorganization. Drawbacks were shown through insufficient human resources education, technical resources and poor organization. The complete system was in the stage of initialization.

In 1994 the extension service was be territorially reorganized in accordance with the new administrative division of Croatia.

By the act of Croatian Government on 28 April 1994 the extension service was established as a department of MAF. The ACS was managed by the MAF Deputy Minister. During the 1994 a process of reorganization of ACS started. Under the agreement among the Minister of MAF and country - (district) perfects 77 advisers were taken in charge. In the headquarters of ACS were 5 advisers and in the each county-unit had been planed to be 5-10 advisers -

* On the basis of the *Constitution* of Republic of Croatia, the House of Representatives of the Croatian Parliament adopted on December 29, 1992, the *Law on Territories of Counties, Towns and Municipalities in Republic of Croatia*. According to this Law 21 counties 2 districts, 70 towns and 419 municipalities were formed. According to the stand on 22 September, 1995 there were 20 counties, 75 towns, and 424 municipalities. The territorial form of a district has been temporarily set aside. On 17 January, 1997 a further change in the number of town and municipalities as well as the size of counties has been made.

experts for various field of agriculture. Specialistic structure of advisers in comparison to county or regional need was not adequate.

According to annual reports for the year 1996, the adviser of ACS performed several various activities:

(1) They visited about 43 thousand farmers and gave about 56 thousand verbal advices and came round about 23 thousand family farms. The advisers carried out about 5 thousand professional actions like setting the field trials, surveyings, gave the professional advise (as a ground for agricultural credits), organized the competitions of ploughmen, etc. They held about 2,500 professional lectures and seminars, demonstrations and presentations (mainly farm machinery), various exhibitions (livestock, wine) and other manifestation (e.g. "fields days"). The advisers were present at public media, specially on local radio, but also on TV, in magazines, bulletines etc.

On the basis of *Regulation of Croatian Government* on 17 January 1997 ACS transformed in autonomous institution as a *Croatian Administration of Agricultural Consultancy Services* (CAACS). Its founder is Republic of Croatia, and rights and duties of the founder will implement by the MAF. CAACS is acting through branch-offices on the territory of counties and town of Zagreb.**

Activities and organization

The main activities of CAACS are:

- (i) Professional advices, instructions and practical demonstrations of the new technologies and farming systems as well as transmission knowledge and skills for development of agricultural production of the family farms and sustainable, development and preservation of rural areas.
- (ii) Linking and coordination scientifics and professional institutions and associations in managing of the applied research and education for the farmers.
- (iii) Participation in formulating and conducting agricultural policy measures and many other activities. For example quiding the Register of all family farms in Croatia and specially the advanced ones, assisting in cooperative movement and various types of professional farmers associations, monitoring the plant diseases and pests etc.

The organization is set on the way that there is a *Management Council* (MC) that manages the CAACS. The president and the (two) members are nominated by the Government on the proposal of the MAF. The MC proposes the annually program and the budget. The General

* Every county can establishe a aditional section for ACS inside the county department of trade (economy) if it is need and finance fund for it (17).

Manager of the CAACS is also nominated by the Government with mandate of four years (20).

The total budget is 6.7 m. kunas (about 1.1 m. \$ US) for the year 1997, financed from the state budget.** The CAACS is allowed to create the own sources of financing for its activities like donations, sponsorship and similar.

There are 87 advisers (April 1997) in Central and county-branch offices. In the near future (July) it is supposed that will be employed about 16 new advisers of various specialities in various counties, particularly in the counties which have been occupied in the Homeland war.

Each county-branch office is planned to fit out in the near future (1998) with adequate rooms and equipment

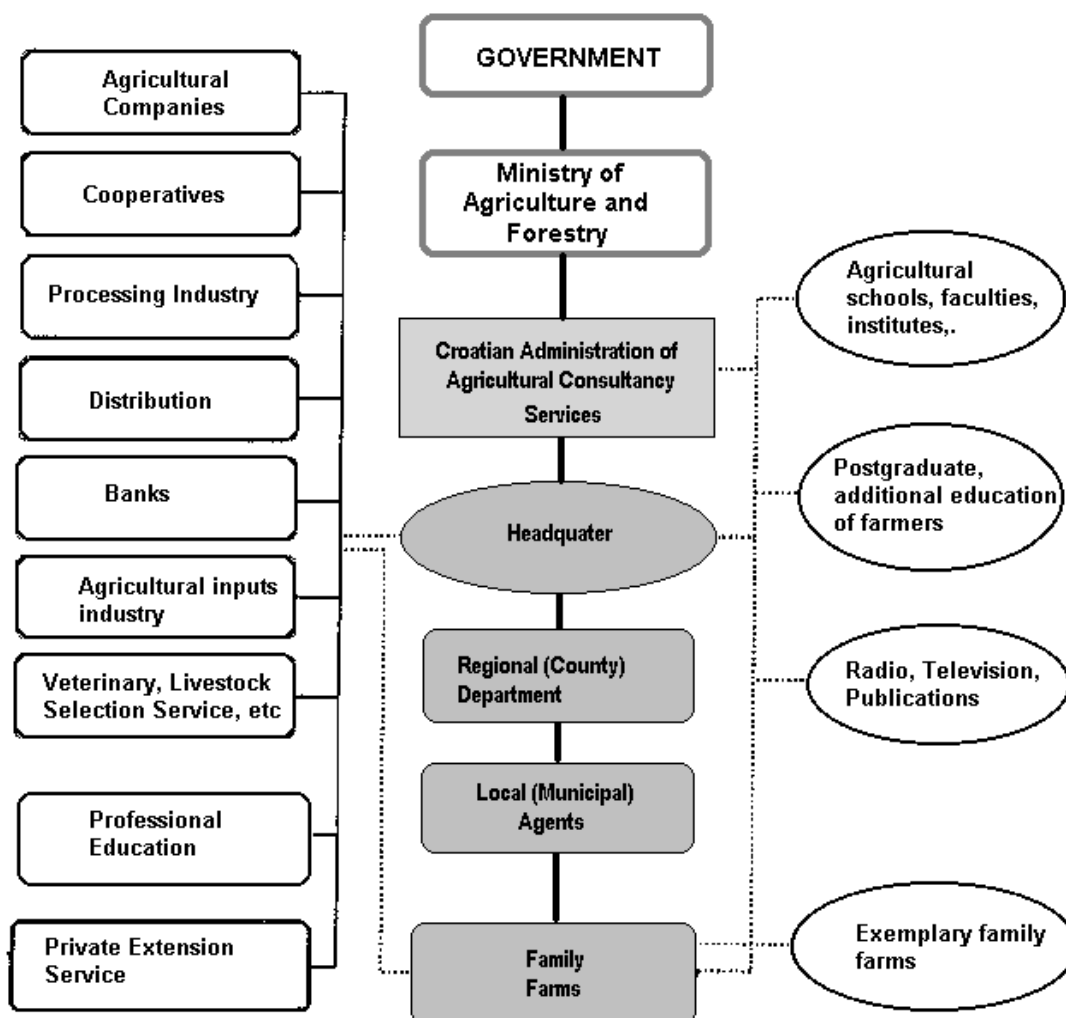
³* Compare with another countries this amount is very low. Express per hectare (2,014 thous.) that is 0.5 \$ US or 2.6 \$ US per farmer (410 thous.).

(technical tools, computers, library, laboratory, vehicle, etc.).

According to *A Strategy for Development* policy measure for farm support services include "the creation of a system of farm support and these support services should encompass among other the agricultural extension. Short-term policy action to achieve these objectives include the reallocation of MAF budget funds in support of an extension service that responds to needs of the family farm sector" (14). Specifically financial aid includes equipment mention above as well as excursions and courses in the country and abroad, publishing activities, programme of field trials and various demonstrations on the family farms.

The medium and long-term policy actions include expansion the capacity for CAACS through recruitment and training of agents and the provision of adequate equipment and transport possibilities.

Picture 1. ORGANIZATION STRUCTURE OF CAACS



CONCLUSION

In planning the organization of the (CA) ACS of Croatia, the present status as well as the future orientation and speed of modifications in Croatian agriculture should be realistically evaluated. The present status of Croatia (resulting from the war and its consequences) indicates that the discrepancy should be expected between the quality set by organization of CAACS (accepting the positive experience of developed countries and the countries with similar economic and agricultural structure) and the results of its activity.

Croatian agriculture is predominated by small farms of family type (although there are also stock holding companies and other types of agriculture firms and cooperatives of different production structure and with different issues to be solved) and no fast significant increase in average size of farms is expected.

In the next period, the Croatian agriculture shall have the function to meet the domestic demand for food, the requests of tourism, and to a smaller (although not insignificant) part it shall enter the world market.

The Croatia agriculture still comprises a complex of various technologies, from traditional to modern technological procedures. Since the institutional preconditions for development of modern market-oriented agriculture are met, it should be expected that the transformation of the existing traditional production procedures into increased intensification and specialization of agricultural production shall be completed.

The agricultural structure is already undergoing the process of change; the tendency to form modern, capital-intensive estates, greater in size, managed by younger educated farmers is noticeable. However, there still remains and shall remain for a long time a large number of small farms.

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ABSTRACT

The paper presents historical review of development, critical introspection into the present status, and a vision of future new organization of the agricultural extension service in Croatia.

Previous organization and activity of the agricultural (extension) service has rather been the result of the dogmatic approach of the state towards the village and agriculture than of farmers' need for expert advice and information.

In contemplating the new organization of the Agricultural Consultancy (Extension) Service, the realistic evaluation of the current status and future avenues and speed in which the changes shall be introduced into the agriculture are required. Based on this, and using the experience and functioning of the extension services in developed countries in Europe and World, the basic postulations for organization and work of the Agricultural Consultancy Service of Croatia are set.

The Republic of Croatia had no systematically organized Consultancy (Extension) Service in former Yugoslavia.

Since it gained its independence, and set the new political and social/economic system in 1991, the Agricultural Consultancy Service is founded and the reorganization is on course.

Regarding anticipations changes in agricultural structure in the future, proposed are the measures for modernization of the Agricultural Consultancy Service, as well as adaptation of the school system to that purpose.

Small family farms are predominant in Croatian agriculture. Farms are still predominantly using traditional production methods. Shift to market economy and the new measures of agricultural policy shall cause certain polarization of family farms, and induce forming of larger market-oriented and specialized producers. In the process of concentration of agricultural production role of Agricultural Consultancy Service is important with regard to better functioning and development.

The Agricultural Consultancy Service requirements are increased knowledge and manpower costs, while the increased management complexity, specialization and concentration are characteristic for the output.

Meetings, lectures, practical demonstration of technology, mass media and introduction of computer technology are important aids which should be further developed as well as bigger financial aid for these purposes. Those depend on better future economic position of the agriculture and the economy in a whole.

Key words: Agricultural consultancy service. Croatia, family farm