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**Public-private partnership as a tool for the balanced development of veterinary services and drugs**Stepura L. *National Research Center, Institute of agrarian economics»* E-mail: ludmila.stepura@gmail.com

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The article examines models for implementing public–private partnerships as an instrument for achieving balanced development of the veterinary services and drugs market. A systemic disbalance in the market for veterinary services and drugs has been identified, manifested in economic, infrastructural, and regulatory disparities that create preconditions for seeking non-traditional management tools, among which public–private partnership (PPP) is key

In summary, the definition of PPP in the veterinary sector is viewed as a joint approach in which the public and private sectors agree on responsibilities and jointly share resources and risks to achieve common goals that provide stable benefits. It is emphasized that core elements of the definition are the concepts of jointly agreed responsibilities and risk-sharing. The main advantages of PPP are systematized and characterized as follows: synergy and efficiency; strengthening the capacity of veterinary services; ensuring balanced presence of the public and private sectors throughout the country; and rapid response to emergencies.

Based on the synthesis of the WOA methodology, recommendations on PPP development models in the veterinary sector, and their implementation in the practice, the ways for their adoption in the national context are outlined, and the positive effects on overcoming imbalances in the domestic market of veterinary services and drugs are identified. The feasibility of introducing alternative and flexible forms of PPP under national conditions is substantiated, as well as the need to reform the Law related to PPP in order to incorporate clear mechanisms of financial and legal responsibility of the state. To convince stakeholders in the veterinary services and drugs market of the relevance and benefits of PPP implementation, it is necessary to initiate activities aimed at launching pilot projects based on transactional and transformational partnership models. The feasibility of implementing a Unified State Register of Animals is substantiated; this project should demonstrate the ability of the state and private clinics to cooperate effectively. It is also proposed to introduce, in one or two regions, an experimental “sanitary mandate” project for private veterinarians in rural areas.

**Keywords:** public–private partnership, market of veterinary services and drugs, transformational model, collaborative model, transactional model.

**Problem identification and analysis of recent research.** The effective functioning of the veterinary medicine market is a fundamental component not only of animal health, but also of food security and safety, economic well-being, and epizootic stability of the state. Balanced development of this market requires achieving balance among several key components: providing the population and the agricultural sector with high-quality and safe veterinary drugs; ensuring equal and timely geographical access to qualified veterinary services; implementing transparent, effective, and adequate state regulation; and creating conditions for sustainable economic growth of the sector.

However, an analysis of the current situation in Ukraine indicates a profound systemic imbalance in the market of veterinary drugs and services. This imbalance manifests itself in three dimensions that mutually reinforce each other and create prerequisites for the search for non-traditional management tools, among which public–private partnership (PPP) plays a key role.

The economic imbalance is evident in the market of veterinary drugs, as there is a critical gap between the legal and shadow segments of the market. According to expert estimates, the shadow sector—composed mainly of counterfeit and smuggled products—accounts for between 10% and 20% of the total market turnover [1]. This not only creates direct risks to animal health due to the use of products of unknown quality but also significantly reduces the competitiveness of high-quality goods produced or imported legally, complicating the development of legitimate business.

The next issue is the infrastructural imbalance, which concerns the market of veterinary services, as there is an acute shortage of access to qualified veterinary care, particularly in rural and remote areas. This problem, recognized as relevant for many European countries, is especially acute in Ukraine [2]. As a result, small farms and private households often face the inability to obtain timely assistance due to the lack of mobile veterinary units and specialists in place.

In addition, a regulatory imbalance is observed, representing an institutional paradox that affects the first two. State regulation is characterized by the simultaneous presence of strict requirements and additional barriers for legal manufacturers, while control over the shadow market remains insufficient. This asymmetry creates a non-competitive environment in which legal businesses bear an

excessive regulatory burden, whereas the illegal sector successfully develops under conditions of de facto lack of oversight. It is evident that under such circumstances, it becomes crucial to strengthen the selection of forms and methods of the state regulation of veterinary services and drugs market in a way that accounts for the specific features of the veterinary sector.

According to the World Organisation for Animal Health, veterinary services include all activities of both the public and private sectors, which together form significant potential for improving animal health and welfare, as well as for developing policies and implementing services in the veterinary field through public–private partnership (PPP) [3].

Thus, governments remain responsible for policymaking; however, they engage relevant private-sector stakeholders in the development of policy proposals, which can lead to improved public policy. It is evident that establishing public–private partnerships contributes to more efficient and effective use of resources in both public and private sectors, that is, to the pursuit of synergy through active and structured cooperation. Public–private partnership helps to improve the access to services by balancing development, geographic coverage, and the influence of each sector within the country.

For the efficient functioning of the public–private partnership, the public sector must trust its private-sector partners and grant them the authority needed to achieve the agreed objectives. It should avoid unnecessary directives, regulations, or contractual obligations so as to give the private sector the flexibility to determine how best to operate. After this, the private-sector partner is responsible for fulfilling its commitments, which is verified through inspections of its activities and outcomes. For this purpose, the veterinary self-governing (statutory) body that guarantees the quality of work performed by private veterinarians operates in European countries [4].

The World Organisation for Animal Health recommends that all countries establish an independent and effective national veterinary self-governing body responsible for overseeing the quality and professional behaviour of private veterinarians working within the country. The competent authorities must delegate these specific tasks to an independent body, which should be defined by law or special legislation. Furthermore, the veterinary self-governing body must be autonomous: it must be free from direct interference by state authorities or other stakeholders. Summarising the above, it

can be concluded that it is necessary to study international experience in developing public–private partnership models and to justify the possibilities of applying them in domestic practice.

**The purpose of the study** is to substantiate the theoretical and methodological bases and to develop practical recommendations for the development and effective application of public–private partnership (PPP) mechanisms to ensure the balanced development of the market of veterinary drugs and services.

**Materials and methods.** To achieve the stated goal, it is necessary to address the following key tasks: to examine the theoretical essence and clarify the conceptual framework of the categories “public–private partnership” and “balanced market development” in relation to the field of veterinary medicine; to determine the specifics of the market of veterinary drugs and services as an object of regulation and cooperation between the state and business; to summarise and systematise global experience in using PPP models in the field of veterinary medicine, particularly in the areas of product quality control, service provision, and scientific research; and to develop proposals for the formation of adapted PPP models for the market of veterinary drugs and services.

In the process of the study, the following economic research methods were used: the method of analysis and synthesis for decomposing the market into individual segments and examining the essence of PPP; the systemic approach for considering the market of veterinary drugs and services as a single complex system with interconnected elements; the abstract-logical method for drawing conclusions, clarifying terminology, and developing models; the statistical analysis for assessing market volumes, dynamics of import/export of product and the number of veterinary institutions; and comparative analysis for contrasting Ukrainian practice with international PPP experience.

**Results of the study and discussion.** In order to substantiate rational PPP models under national conditions, it is necessary to summarise the international methodology developed by specialised institutions. The leading organisation in this field is the World Organisation for Animal Health (WOAH), which considers PPP as a key tool for strengthening veterinary services. WOAH provides a clear and functional definition of PPP in the veterinary sector: “a collaborative approach in which the public and private sectors agree on responsibilities and share resources and risks to achieve mutually agreed

objectives that provide sustainable benefits” [5]. The key concepts in this definition are the joint agreement of responsibilities and, most importantly, the shared distribution of risks.

The main advantages of PPP development in veterinary medicine, as identified by WOAH, include: synergy and efficiency achieved through the pooling of resources and the creation of synergy between the sectors, which helps to improve access to services [6]; strengthening the capacity of national veterinary services across a wide range of functions — from strategic policy development to the implementation of large-scale vaccination campaigns; the partnership provides a mechanism for balancing the development and geographic presence of the public and private sectors throughout the country, which serves as a direct tool for addressing infrastructural imbalance; rapid emergency response ensured through close relationships between stakeholders and a fully developed veterinary market infrastructure, which can be mobilised quickly in managing emergencies, for example, during disease outbreaks that exceed the capacities of the public sector alone.

The review of the scientific literature has made it possible to determine that there are different approaches to understanding PPP models in the market of veterinary drugs and services, which vary according to the type of private partners and the type of interaction [7]. The first model is transactional PPPs, which represent the most common approach to understanding PPP in the veterinary sector. The creation of such PPPs is initiated and predominantly financed by the public sector. Private veterinarians, veterinary paraprofessionals (VPPs), and their associations are involved in the partnership [8]. The mechanism of functioning of this cluster assumes that the public sector grants accreditation to private providers or concludes a contract with them for the provision of specific, clearly defined services. This mechanism is often referred to as the “Sanitary Mandate.” Typical tasks include vaccination, epidemiological surveillance, sample collection, and similar activities [9].

Thus, transactional PPP involves the public procurement of specific veterinary/sanitary services from private veterinary service providers, typically private veterinarians and veterinary paraprofessionals, community-level veterinary workers and/or their associations. Such procurement is initiated and financed by the public sector, with possible subsequent payment by the producer who benefits from the service. The private provider enters into a contract or receives a sanitary mandate and

is trained/monitored by the public sector. Its activities and expected outcomes are primarily defined by the public sector, and the contracts include effective monitoring, evaluation, and corrective action mechanisms where necessary. However, good communication, coordination, and a partnership-based approach are essential for achieving optimal results for both parties.

The second model, collaborative PPPs, represents joint commitments between the public sector and end beneficiaries (producers) aimed at achieving mutually agreed outcomes [8]. The creation of this model is initiated by both sectors — public and private. Private partners in this model are represented mainly by producer associations (for example, livestock or poultry associations), cooperatives, or consortia [7]. The functioning mechanism involves the implementation of joint programmes for disease eradication, monitoring, or certification. The key driving force for the private sector in this model is trade interests, such as obtaining disease-free status in order to access export markets.

Thus, the collaborative public-private partnership (PPP) entails a shared commitment between the public sector and the end beneficiaries, typically producers' associations, and sometimes a consortium of such associations or other interested private organizations, such as veterinary associations, aimed at implementing mutually agreed policies or actions. Collaborative PPPs may be initiated by either public or the private sector, and they are jointly financed, including through non-monetary contributions such as human capital. Such partnerships have often been driven by trade interests; however, they may also involve joint programmes, for example those aimed at combating African swine fever. The governance arrangements within these partnerships vary significantly—from those regulated by legislation (such as joint supply programmes with strong formal oversight) to informal agreements (such as consultations on animal health policy). Decision-making is typically shared among the collaborating parties according to their respective roles and contributions.

The third model is referred to as transformational PPPs, which involve the creation and implementation of joint programmes that generate new sustainable opportunities or provide services that were previously unavailable [8]. This model is most commonly initiated and financed by private companies. The private partners in such partnerships are large national or international companies, such as pharmaceutical manufacturers, the food industry, and IT companies.

The operational mechanism of this model includes the implementation of joint disease control programmes, the introduction of innovative products (vaccines, genetics), and the development of digital systems (for example, databases or traceability systems) [9].

Thus, the transformational PPP implies the creation of sustainable capacity and long-term potential for implementing programmes that would otherwise be impossible to achieve. Such partnerships are often initiated by the private sector but are authorised and carried out in cooperation with national veterinary services. They may be financed by national or transnational private companies (possibly initially supported by international assistance) to ensure long-term sustainable business profitability and/or to fulfil the private partner's commitments to the public good. Joint governance may be established, for example, through the signing and implementation of a Memorandum of Understanding with the public partner.

The analysis of the international experience made it possible to identify not only the models but also the conditions for their successful implementation. Regardless of the selected cluster, there are universal key success factors (KSFs), among which the following should be highlighted: governance — the presence of clear regulatory frameworks that define roles, responsibilities, and accountability mechanisms; trust and communication — a high level of partner engagement, mutual trust, and transparent communication; support and resources — the availability of stable and sufficient funding, competent human resources, and political support from the government.

At the same time, there are obstacles to PPP development that differ depending on the partnership model. The analysis results demonstrate [9] that for transactional PPPs, the main limiting factors are a shortage of funding and a lack of competent staff. On the other hand, for collaborative and transformational models, the greatest barriers are weak governance, the absence of a beneficent political environment, and potential conflicts of interest. This differentiation is crucial, as it shows that although the key success factors (trust, clear roles, governance) are similar across all PPP models [10], partnerships may still break down — even in more complex models such as collaborative and transformational ones — more often due to institutional weakness. This serves as a direct warning for countries with unstable institutional environments, such as Ukraine, that without establishing a strong foundation of trust



and effective governance, no PPP model, not even the simplest, will be sustainable.

Let us consider the specific features of the veterinary drugs market in Ukraine, which demonstrates a significant trade and structural imbalance. On one hand, it largely depends on import, which in 2023 reached EUR 114 million (including antibacterial agents, vaccines, and antiparasitic products). On the other hand, Ukrainian exports remain limited (EUR 9.3 million in 2023), mainly due to competition and regulatory barriers in external markets [1].

However, the key internal problem is not the trade deficit but the dominance of the shadow market. According to expert estimates, it accounts for 10–20% of total turnover and consists of falsified, smuggled, and counterfeit products [11]. This leads to an institutional imbalance that can be described as a disruption of causal relationships: the state imposes “strict regulatory requirements” on legal manufacturers and importers, creating high regulatory barriers and increasing their costs, while state control over the shadow market remains insufficient. In this situation, legal producers are forced to compete with illegal products of unknown quality, which are sold at a significantly lower price. This results in a loss of competitiveness for high-quality products and encourages the further expansion of the shadow sector. Thus, the current state policy—although unintentionally—*de facto* creates more favorable conditions for the shadow market than for the legal one. This is a clear example of unbalanced regulation that directly contradicts the goal of achieving balanced development of the market for veterinary drugs and services.

The services market is dominated by the public sector, represented by the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP). The functions of the SSUFSCP and its subordinate institutions (such as the State Scientific Research Control Institute of Veterinary Drugs and Feed Additives) are focused on state control and supervision [12]. This includes: quality control of veterinary drugs — facility attestation, state registration, expert evaluation and testing of products; monitoring of the epizootic situation — large-scale laboratory and diagnostic studies; monitoring of rabies, ASF, avian influenza, and oversight of livestock burial sites. However, a gap emerges between the SSUFSCP’s mandate and its actual capacity. While it has a legal mandate for comprehensive control of the epizootic situation, fulfilling this mandate requires an important number of specialists for sampling, vaccination, and clinical

examinations. It is evident that the SSUFSCP cannot physically be present on every farm or in every household. This capacity gap (between the scope of monitoring tasks and available human resources) creates an ideal opportunity for engaging private veterinarians through the mechanisms of a transactional PPP model.

It should be noted that Ukraine has developed a specialized legislative framework for the development of PPPs, primarily the Law of Ukraine n° 2404-VI “On Public-Private Partnership” [13]. This law defines the parties to a partnership (the state, territorial communities as public partners; legal entities and individual entrepreneurs as private partners), as well as the decision-making procedures (the Cabinet of Ministers of Ukraine or its authorized bodies for state property; local councils for municipal property). Despite the formal existence of this law, in practice the PPP mechanism in Ukraine functions poorly, especially in socially significant sectors such as healthcare (which is a relevant analogue for veterinary medicine) [14]. The results of the analysis of academic literature reveal serious implementation problems, in particular excessive bureaucracy. This bureaucracy is evident at the stage of initiating cooperation between the state and business within a PPP framework [15]. This makes the mechanism unattractive to private partners who require prompt decision-making. Although the law proclaims state guarantees for the protection of private partners’ rights, in practice these guarantees are merely “declarative.” We consider the main shortcoming of this law to be the absence of mechanisms for enforcing the responsibility of the parties (especially on the part of the state) and the limited possibilities for dispute resolution. The shortcomings of this regulatory document lead to a fundamental contradiction that renders the Ukrainian model of PPP largely non-viable. As noted above, the WOA method defines PPPs as arrangements based on shared risk distribution, whereas Ukrainian legislation, due to the effective absence of state accountability, shifts most of the risks onto the private partner. This makes it impossible to build trust, which is a key success factor for any partnership identified by WOA. As a result, the PPP instrument, which functions successfully worldwide, remains largely theoretical in Ukraine.

Based on the analysis of systemic imbalances in the Ukrainian market for veterinary drugs and veterinary services, as well as successful international experience, three strategic ways for applying PPP mechanisms can be proposed.

These ways are designed either to leverage the strengths of existing institutions or to circumvent current legislative barriers.

Thus, the development of a transactional PPP model will help to overcome the infrastructure imbalance, namely, the shortage of veterinarians in rural areas and the gap in the capacity of the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP) to fulfill its monitoring mandate. The implementation of a transactional PPP model involves delegating the “sanitary mandate” to accredited private veterinarians and clinics. The practical mechanism for this model foresees that the SSUFSCP (as the public partner) enters into contracts with private veterinarians (as private partners) to provide a clearly defined list of services funded by the state. These services may include: scheduled vaccinations against rabies and other particularly dangerous diseases; collecting biological samples for state monitoring (e.g., blood for African swine fever, material for avian influenza); granting authority to issue veterinary certificates and documents (e.g., Form n° 2) on behalf of the state [15]. We believe that implementing the transactional PPP model will have a positive impact on achieving a balanced market for veterinary drugs and services through the following effects: significant increase in the geographic coverage by veterinary services; enhanced efficiency and timeliness of state epizootic monitoring; creation of a legal and stable labor market for private veterinarians in rural areas.

The experience of certain countries, particularly Mali, in implementing the transactional PPP model indicates that the main instrument of the partnership was the “Sanitary Mandate” mechanism [16]. Private veterinarians received official accreditation and operated under state supervision, carrying out delegated functions, including mass livestock vaccination (for example, against small ruminant plague). The implementation of this project significantly improved livestock vaccination coverage and strengthened epidemiological surveillance in areas where state veterinarians were absent or their presence was limited.

Regarding the collaborative PPP model, its practical implementation in domestic conditions would promote partnership with the business sector to combat the shadow market and stimulate exports. The manifestation of economic imbalance in the market under study is evidenced by a high level of the shadow market for veterinary medicines (10–20%) and a significant trade imbalance (imports amounted to EUR 114

million in 2023, compared with exports of EUR 9.3 million). The application of the collaborative PPP model should envisage cooperation between the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP), professional associations of legal manufacturers/importers of veterinary drugs, and associations of agricultural producers. The operational mechanism of this model should foresee the creation of partnerships driven by common trade and economic interests. Within this model, the partnership should carry out market control of veterinary drugs based on joint financing and management (SSUFSCP and business associations) of independent reference laboratories [12]. This will allow to carry out a prompt selective quality control of products already on the market and will effectively counteract counterfeiting, which is in the direct interest of legal manufacturers. Activities under this PPP model will also positively influence the stimulation of livestock product exports through intensified joint efforts (SSUFSCP + agribusiness) in developing and financing disease control and eradication programmes (ASF, avian influenza), which remain the main non-tariff barriers to the export of Ukrainian livestock products. We believe that the positive impacts of this model on the balanced development of the veterinary drugs and veterinary services market will manifest through a reduction in the share of the shadow market, an increased trust in legal products, and the opening of new export markets for Ukrainian production. Thus, PPPs constitute a powerful instrument not only for public health but also for economic development and export promotion, based on the involvement of Ukrainian agribusiness representatives in the joint financing of control over epizootically significant diseases (such as African swine fever (ASF) and avian influenza), which currently act as barriers to the export of Ukrainian products.

Let us consider the case of implementing the collaborative PPP model in Paraguay, where for many years foot-and-mouth disease (FMD) was a major barrier limiting access for Paraguayan beef to export markets [18]. Thus, long-term cooperation was launched in 2003 between the National veterinary service (SENACSA) and the cattle producers’ association (FUNDASSA) [19]. This is an example of a classic collaborative PPP, in which the private sector (producers) had an interest in the success of the programme due to their direct commercial stake. The partnership envisaged joint financing and management of the national vaccination, certification, and registration programme for FMD. As a result of the PPP’s implementation, Paraguay achieved the status of

an FMD-free country (with vaccination), which generated an economic effect through the opening of new export markets (the country received USD 1.2 billion in export revenues), and the livestock sector's contribution to the national GDP increased to 12% [19]. This case demonstrates that PPPs are a powerful tool not only for health protection but also for economic development and export promotion, based on involving agribusiness representatives in co-funding the control of epizootically significant diseases.

The transformational PPP model in the veterinary sector should envisage the development of digital infrastructure, driven by the need to establish a modern, well-regulated system and to address the low level of trust in PPP instruments caused by an imperfect legal framework and bureaucratic barriers. One approach to solving the existing problems may be to use ongoing digital initiatives as de facto PPP pilot projects, enabling stakeholders to overcome bureaucratic obstacles embedded in the current PPP legislation. The implementation mechanism of this PPP model should include the introduction of a Unified State Register of Companion Animals and electronic veterinary passports [16], which represents an example of a transformational PPP. The state partner in this model should be the Ministry of Economy, Environment and Agriculture of Ukraine, which is responsible for creating and administering the digital infrastructure (the register). Private partners in the PPP are represented by private veterinary clinics that receive authorised access to the register, act as data operators, and provide services (animal registration, entering vaccination data, and issuing state-standard documents). We believe that the transformational PPP model is crucial for the balanced development of the veterinary market in Ukraine, as it relies on a flexible and rapid mechanism of digital interaction among market participants.

Let us consider Indonesia's experience in implementing a transformational PPP model, where the national animal health information system ISIKHNAS (Sistem Informasi Kesehatan Hewan Nasional) has been established [20]. This is a comprehensive digital platform created by the Government of Indonesia (in particular, the Ministry of Agriculture) for collecting, managing, and analysing data related to animal health and livestock production across the country. The main purpose of ISIKHNAS is to enable the rapid detection of animal disease threats and ensure an effective response to protect livestock, food security, and public health.

The main functions of the system include: early warning – allowing veterinarians, farmers, and other field specialists to immediately report suspected animal disease cases; epidemiological surveillance – ensuring real-time collection of data on disease outbreaks, symptoms, vaccinations carried out, treatments, and animal mortality; data management – creating a centralized database that replaces outdated paper-based reports; decision support – providing the government with accurate information for decision-making on disease control, resource allocation (e.g., vaccines), and the development of livestock sector policies.

A distinctive feature of ISIKHNAS is its accessibility even in the remote regions of Indonesia that is made up of thousands of islands. It enables data collection directly in the field, with thousands of users able to submit reports, including public veterinarians, private practitioners, laboratory staff, artificial insemination technicians, and even farmers themselves. Data can be submitted in several ways, making the system highly flexible: SMS messages – the simplest method, available wherever there is mobile coverage (even without internet access); a mobile application for smartphone users, allowing the submission of more detailed reports; and a website for entering data from a computer, typically used in offices or laboratories.

As soon as a report is received (for example, an SMS about a mass death of chickens), the system immediately registers it, determines the location, and analyzes it. If the data indicate a potentially dangerous outbreak (for example, foot-and-mouth disease, avian influenza, or rabies), the system automatically sends notifications to the relevant veterinary services for immediate investigation and response.

Generalized models of PPP development to achieve balanced growth of the veterinary drug and veterinary services market are presented in Table 1.

In summary, taking into account the above, including case studies from individual countries and the position of the World Organisation for Animal Health, several advantages of public-private partnerships (PPPs) can be identified, which are capable of leading to long-term positive outcomes:

- strengthening the national economy through the positive impact of improved animal health and other veterinary activities aimed at enhancing herd productivity, rural well-being, and the competitiveness of the livestock sector in domestic and international markets;

Table 1 – Models of the development of PPP in the market of veterinary drugs and services in Ukraine

Type of disvalance	PPP model	Partners	Impact ways
Deficit of services in rural areas and the inability of the State Service of Ukraine for Food Safety and Consumer Protection (SSUFSCP) to provide services in accordance with demand”	Transactional	SSUFSCP, private veterinarians and clinics	Equal geographic access to services; improvement of the efficiency of epidemiological surveillance
Important part of shadow market of veterinary drugs	Collaborative	SSUFSCP, associations of legal producers and importers of veterinary drugs	Improvement of the quality and safety of products; elimination of counterfeit products; enhancement of the competitive environment.
Low trust in PPP; ineffective legislation; need for IT infrastructure	Transformational	Ministry of economy, environment and agriculture, private veterinary clinics and IT sector	Creation of digital infrastructure; building trust; ‘pilot’ project for developing a PPP model

*Source: compiled by the author.*

- enhancing trust in government and private entities by ensuring high-quality services and other measures that improve the reputation and confidence of service providers (whether public and/or private) among end consumers. Joint policy development in animal health and welfare—for example, collaboration on disease control programs or export facilitation—leads to broader stakeholder support;

- reducing business risks and creating opportunities for innovative approaches and sustainable solutions in the private sector. Government influence and understanding lead to the development of a more private-sector-friendly policy environment and the ability to align business strategies with public priorities. Access for private partners to government contracts also provides additional revenue;

- improving public health by enhancing the quality of veterinary services, which reduces the risks of zoonotic diseases and strengthens food security, ensuring access to protein-rich products for the poorest populations;

- addressing social issues, since livestock is a key asset vital to the livelihoods of economically vulnerable communities and is often under the responsibility of women and youth. Additional income generated through improved animal health directly contributes to reducing gender inequality, improving living conditions, and increasing access to education for the poorest groups [3; 18-19].

Furthermore, the World Organisation for Animal Health identifies twelve principles for building an effective public-private partnership (PPP): a PPP can be initiated by either the public or the private sector; public partners must ensure that the services provided comply with their statutory or political mandate and align with the intentions of that mandate; the public partner must guarantee the legality of the PPP, as well as the clarity and proper fulfillment of any legal obligations or restrictions by all parties; all parties must ensure that any PPP develops with adequate transparency for all stakeholders and with equal opportunities for relevant private entities, such as proposing new initiatives or participating in tender processes proposed by the public sector; all parties must agree on defining the service(s) to be provided, how they will be delivered, and how they will be monitored, guaranteed, and evaluated; the service(s) provided within the PPP may have different impacts and benefits for the public and private sectors; the benefits and impacts of the services provided must be defined, understood, and respected by both parties; the duration of the partnership should be predetermined by both parties, with the possibility of extending the period if deemed appropriate following joint evaluation of results and analysis; all parties must allocate the necessary resources to ensure effective joint management of the



PPP; private sector partner(s) should be able to capitalize on the benefits and positive impact of the partnership. These benefits for the private sector must be transparent to the public partner and should not harm the services provided by the latter; the terms of the partnership should be clearly stated, either in an official contract or in another form acceptable to all parties to the PPP; the PPP should have an agreed-upon strategy for stakeholder engagement, interaction, and communication, which includes an appropriate approval process [3].

Currently, the veterinary services market in Ukraine is undergoing transformation, which occurs differently across its various segments. The country is gradually transitioning to a European model, where curative services belong to the private sector. In Ukraine, private veterinary clinics exist alongside public ones, although a very small percentage of private clinics focus on the treatment and prevention of productive animals. This is primarily handled by public clinics or veterinarians who are full-time employees of large livestock complexes or processing enterprises. However, in Ukraine, a significant portion of livestock and poultry is kept by private household farms, which typically rely either on public veterinary hospitals or, more often, on services provided by veterinarians operating unofficially as freelancers.

Overall, the transition to private practice in curative veterinary services is occurring quite slowly and cautiously, considering the need for veterinarians to adapt to new economic realities. However, it should not be forgotten that veterinary medicine is a regulated profession, which implies a high level of responsibility for its practitioners. With the shift to private practice, a guaranteed level of quality in veterinary services must be ensured, as the lives and health of not only animals but also humans may depend on it.

In European countries, this issue is addressed through the creation of a self-governing professional body, a Veterinary Statutory Body, as defined by the World Organisation for Animal Health. This institution is established by veterinarians and for veterinarians. It is independent of any political or commercial interests and is designed to ensure the quality of the veterinary profession through licensing, setting standards for education and professional conduct, and monitoring compliance.

The Veterinary Statutory Body is a privileged partner of government authorities, owners of productive and domestic animals, and animal

protection associations. It represents the interests of private veterinarians while also acting as a guarantor of the quality of veterinary services to the state and society. Similar structures exist for a number of independent and regulated professions. Self-governing professional organizations have already been established for judges, lawyers, and notaries. The foundations for creating such an organization were laid in the new Law "On Veterinary Medicine," adopted in February 2021 [22].

With the reduction of the public sector in veterinary services, there is a growing need to create such a structure in Ukraine as well. Currently, representatives of the veterinary community are actively working on this issue, with support from the European Union, specifically through the EU technical assistance project "Improving Legislation, Control, and Awareness in the Field of Food Safety, Animal Health and Welfare in Ukraine" (EU4 Safer Food), and the European Association of Practicing Veterinarians, which is part of the Federation of Veterinarians of Europe.

However, many legal issues remain unresolved for the reform of the veterinary profession in Ukraine in terms of strengthening the private sector, namely the development of a set of regulatory acts concerning the organization of private veterinary practice and the establishment of a Veterinary Statutory Body in Ukraine. It may also be necessary to amend the Law of Ukraine on Licensing regarding the procedure for issuing licenses to veterinarians. Moreover, Ukraine has not yet adopted a law on professional self-regulatory organizations.

With the reduction of the public sector in the veterinary services market, there is a need to introduce a form of activity that authorizes private veterinarians to perform state functions. This practice is common in European countries and is regulated by EU Regulation 2019/264, under which official veterinarians are appointed by the Competent Authority after passing a test to perform a range of functions, such as collective preventive measures, epidemiological surveillance, import-export certification on behalf of the state, and so on. Each country has its own list of functions delegated to private veterinarians. Although this work is funded by the state, reducing the public sector and delegating part of its functions to the private sector significantly decreases the burden on the state budget. At the same time, such a system is an example of public-private partnership (PPP).

**Conclusions.** It has been demonstrated that PPP is a viable and powerful tool for addressing systemic imbalances in the market for veterinary drugs and services in Ukraine. PPP provides concrete mechanisms for overcoming service deficits in rural areas, combating the shadow market of veterinary products, and stimulating the export potential of the domestic agricultural sector. Based on the synthesis of WOAHP methodology, recommendations for PPP development models in veterinary medicine, and their implementation in the practices of various countries, directions for their application in Ukraine have been outlined, highlighting positive impacts on addressing imbalances in the veterinary drugs and services market.

It is emphasized that the current Law of Ukraine “On Public-Private Partnership” is ineffective due to excessive bureaucratization and the lack of real mechanisms of accountability on the part of the state. This directly contradicts the key principle of PPP, which involves shared risk, resulting in a loss of trust, which is the foundation of any successful partnership.

Based on the above, for the balanced development of Ukraine’s veterinary market through PPP mechanisms, it is advisable to implement alternative and flexible forms of partnership. There is also a need to initiate a reform of the PPP law to introduce clear mechanisms for financial and legal responsibility of the state for failure to fulfill its obligations to the private partner.

To demonstrate the effectiveness of PPP for stakeholders in the studied market and to build institutional trust, it is necessary to launch pilot projects implementing transactional and transformational PPP models. The feasibility of implementing the Single State Register of Domestic Animals project has been justified, which should demonstrate the advantages of a flexible “digital” PPP in enabling effective cooperation between the state and private clinics. Additionally, there is a need to implement an experimental “sanitary mandate” project for private veterinarians in rural areas in one or two regions. This project could involve direct contracts with the State Service for Food Safety and Consumer Protection (SSFSCP) for the procurement of services, bypassing the complex procedure provided by the PPP Law.

At the level of the Ministry of Economy, Environment and Agriculture of Ukraine and the State Service for Food Safety and Consumer Protection, it is advisable to consider the legal private sector (drug manufacturers, agribusiness, private veterinarians) not only as a regulatory

object but also as a key strategic partner in achieving national security goals—both food and epizootic. Such a transition will facilitate the move from regulatory imbalance to balanced development of the veterinary drugs and services market in the country.

Therefore, the reform of the veterinary sector and the expansion of the private sector should be based on principles such as liberalization, responsibility, and control. Liberalization and control may seem contradictory, but given the specifics of the profession, control remains a necessary element, both on the part of its practitioners and the state.

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### **Державно-приватне партнерство як інструмент збалансованого розвитку ринку ветеринарних препаратів та послуг**

**Степура Л. О.**

У статті розглядаються моделі впровадження державно-приватного партнерства як інструменту досягнення збалансованого розвитку ринку ветеринарних препаратів та послуг. Виявлено системну незбалансованість ринку ветеринарних препаратів та послуг, яка проявляється у економічному, інфраструктурному та регуляторному дисбалансі, які створюють передумови для пошуку нетрадиційних інструментів управління, серед яких ключовим є державно-приватне партнерство (ДПП).

Узагальнено, дефініція ДПП у ветеринарній галузі розглядається як спільний підхід, в якому державний і приватний сектори погоджують обов'язки та спільно використовують ресурси і ризики для досягнення спільних цілей, що забезпечують переваги стабільним чином. Наголошено, що основним у визначенні є концепти спільного погодження обов'язків та розподілу ризиків. Систематизовано основні переваги ДПП, які характеризуються наступним: синергія та ефективність; посилення потенціалу ветеринарних служб; забезпечення рівномірної присутності державного і приватного секторів по всій території країни; оперативне реагування на надзвичайні ситуації.

На основі узагальнення методологія Всесвітньої організації охорони здоров'я тварин, рекомендацій моделей розвитку ДПП у ветеринарії та їх впровадження у практиці окремих країн світу окреслено напрями їх впровадження у вітчизняну практику та виділено позитивні впливи на подолання дисбалансу на вітчизняному ринку ветеринарних препаратів та послуг. Обґрунтовано доцільність впровадження у вітчизняних умовах альтернативні та гнучкі форми ДПП, а також необхідність реформи закону про ДПП з метою внесення в нього чітких механізмів фінансової та юридичної відповідальності держави. З метою переконання суб'єктів ринку ветеринарних



препаратів та послуг у доцільності реалізації ДПП необхідно започаткувати діяльність із запуску пілотних проєктів з реалізації трансакційної та трансформаційної моделей партнерства. Обґрунтовано доцільність реалізації проєкту Єдиного державного реєстру домашніх тварин, який повинен довести здатність держави та приватних клінік ефективно співпрацювати,

а також запровадження в одній або двох областях експериментальний проєкту «санітарного мандату» для приватних ветеринарів у сільській місцевості.

**Ключові слова:** державно-приватне партнерство, ринок ветеринарних препаратів та послуг, трансформаційна модель, колаборативна модель, трансакційна модель.



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