

## ECONOMY OF NATURAL RESOURCES MANAGEMENT AND ENVIRONMENT PROTECTION

### DECENTRALIZATION IN ADMINISTRATION OF RURAL TERRITORIES AND ITS IMPACT INTO THE DEVELOPMENT OF TOURISM INDUSTRY

**Ilina M.V.**

Candidate of Sociology, Senior Researcher  
Institute of Economics of Natural Resources Usage and Sustainable  
Development of NAN of Ukraine

**Shpyliovyy I.M.**

Candidate of Public Administration  
Chief specialist of Department of Attestation of Staff Higher Qualification  
Ministry of Education and Science of Ukraine

Decentralization in administration is the process of transferring of authorities to local governments. As the result local communities get more power and financial resources necessary to support wellbeing of people. Multilevel structure inheres in decentralization: it includes political, administrative, and financial components. Division of powers and finances are challenges for all the levels. Subject to a state, local authorities can be more or less independent in making decisions on the fiscal policy. Redistribution of public funds, raised after collection of income taxes, to local budgets is the issue. One more challenge associated with the decentralization is if financial flows are redistributed between communities and regions fair or not. A government accounts for diminishing of the disparity in territories financing, and usually it solves the problem subsidizing some of them.

One of mechanisms to improve living standards of locals is diversification of a territory's economy. In case of rural settlements tourism is the industry able to enhance rise of living standards and incomes of local communities' members. In Europe rural tourism is one of the key sectors of a local economy following agri-industry and forestry. As the result of the decentralization reform rural tourism usually becomes able to make special impact into rationalization of natural resources use, landscapes preservation and sustainable development of territories. Micro-crediting for small farmers is appropriate mechanism to help them to construct premises for tourists. Subsidies to rural communities aim to develop tourist areas and the infrastructure. For Ukraine it is worthy to take into consideration the EU schemes of supporting small local projects like LEADER and apply them for enhancement of green rural tourism.