

## **Destination Management Organizations in Romania: Important Steps Taken Recently for Their Operationalization**

Ion Dănuț Jugănaru

„Ovidius” University of Constanta, Faculty of Economic Sciences, Romania

[jugarudan@yahoo.com](mailto:jugarudan@yahoo.com)

### **Abstract**

*Although it has a special tourism potential, whether natural or anthropogenic, Romania has not made enough progress in terms of increasing tourist traffic, compared to other neighboring countries. After the regime change in 1989 and the privatization of tourism units, the state-owned hotel and restaurant enterprises in the tourist resorts were abolished, but private tourism operators did not have the necessary legal framework for their involvement in the decision-making process concerning destinations.*

*The Romanian legislation on Destination Management Organizations (DMOs), adopted in 2017, was not favorable to the creation of such organizations on the model of the Public-Private Partnership (PPP). As a result of the recommendations in the report prepared by the OECD on the operationalization of these organizations in Romania, the legislation on tourism has been amended, although the current form of the regulation is also not the one expected by most tourism operators.*

**Key words:** Destination Management Organizations, Romanian tourism, OECD support, new regulation, Public-Private Partnership

**J.E.L. classification:** K23, L31, L83, L88, M38, Z32, Z33, Z38

### **1. Introduction**

Until the end of the year 1989, most of the tourist reception structures in Romania were owned by the Romanian state, and the tourist resorts were managed by the so-called Hotel and Restaurant Enterprises or by County Tourism Offices. Following the change of the political regime and after undergoing the privatization process in tourism, the respective state enterprises were abolished, most of the owners of tourism assets being private; however, the tourist resorts have undergone substantial degradation, while the tourist destinations are impacted by the lack of associative structures within which investors can participate in decision-making regarding the development and promotion of those destinations.

After a decline in tourist traffic, recorded after 1989, especially in terms of the inbound tourism, and a delay in the process of privatization of tourism assets, which lasted more than a decade (and was not conducted in the most appropriate way, either), important private investments appeared in the tourist reception structures having accommodation, food, leisure and balneary treatment functions in Romania. Gradually, most of these public assets within the destinations area have become private, the former Hotel and Restaurant Enterprises or state's Tourist Offices, which ran the tourist resorts, were abolished, and the resorts remained in the care of local public administrations where the resorts and tourist localities are situated. In many cases, even though private entrepreneurs, owners of the tourist assets in those resorts, have been dissatisfied with the way in which local public administrations are doing their duty to preserve and improve the general infrastructure of those resorts (access roads, sidewalks, public lighting, degraded street furniture, etc.), they have not had the legal possibility to intervene in the decisions regarding these issues, within the Local Councils on the territory of which the tourist destinations are located.

The introduction, in the Romanian legislation, of provisions regarding the possibility of setting up DMOs, through the new regulation, should lead to a better administration of the tourist resorts, to taking the best decisions regarding their development and promotion, through public-private partnerships between the local public authorities and the private entrepreneurs within the resorts. In this way, it will be possible to attract more tourists to the Romanian destinations, especially foreign tourists, whose share is, for now, still modest.

The aim of this paper is to carry out a critical analysis of the new legislative changes on the operationalization of DMOs in Romania, as well as making observations, suggestions and proposals that will be useful to the tourism stakeholders who will participate in the creation of these organizations.

## **2. Literature review**

There are many conceptual approaches to the definition of Destination Management Organizations. Thus, for example, the UNWTO Committee on Tourism and Competitiveness (CTC) defined them as follows: "the leading organizational entity which may encompass the various authorities, stakeholders, and professionals and which facilitates tourism sector partnership towards a collective destination vision (OECD, 2020, p. 10).

According to the World Tourism Organization, DMO is "the coordinated management of all the elements that make up a destination (attractions, amenities, access, marketing and pricing)" (UNWTO, 2011, p. 4). Moreover, the role of DMOs should be "to lead and coordinate activities under a coherent strategy" (UNWTO, 2011, p. 2).

The governance structures of these organizations are varied, starting from the case of a single public authority to the Public-Private Partnerships (PPP) model, having a key role in initiating, coordinating and managing various activities, such as implementing policies in tourism and strategic plans or the development of tourist products, and in most situations the activities of marketing and tourism promotion of destinations.

Dore and Crouch point out that, historically, DMOs were originally designed as marketing organizations, and marketing remains the principal purview of DMOs (Dore & Crouch, 2003, p. 137).

The contemporary vision, found, in practice, in OECD member states, suggests that, as a matter of priority, these organizations should deal with the development of tourism, in the broadest sense. More specifically, they should act for the development of the product and improvement of the staff, of the experiences promoted to the potential tourists, and for the physical development, i.e., the way a destination is presented to the visitors. In the study dedicated to the operationalization of DMOs in Romania, the OECD experts' approach was in the sense of this broader vision, based on destination management, along with its marketing (OECD, 2020, p. 11).

The tourism industry is characterized by the activities performed by a large number of small-sized companies, along with the bigger ones. These small companies tend to focus too much on their own business, having neither the necessary time, nor the resources or expertise to understand the way the whole industry works. Thus, they can get lost in their concern for product development, in improving the professional skills of their employees, etc. However, a DMO can act as a broker for the local tourism, bringing together various organizations, from public administrations to private tourism companies, NGOs, universities, and tourism schools, etc., that work together for the benefit of the entire destination.

## **3. Research methodology**

This paper is based on a quantitative, longitudinal desk research, using data sources in classic and online format (Jupp 2010; Jugănar. 1998).

The secondary information collected was used to perform, on the one hand, a comparative analysis of the provisions of the previous legislation and the new amendments to the Romanian regulations on the organization and functioning of Destination Management Organizations, and on the other hand, an assessment of how the new regulations took into account the suggestions and recommendations made by the OECD experts in the study "Operationalization of Destination

Management Organizations in Romania". We consider that the observations that we have indicated in this study and the formulated conclusions can be useful to those involved in the creation of Destination Management Organizations in Romania.

#### 4. Findings

##### 4.1. The main findings and recommendations contained in the study conducted by the OECD on the operationalization of Destination Management Organizations in Romania

The Organization for Economic Co-operation and Development (OECD) published in 2020 a study entitled "Operationalization of Destination Management Organizations in Romania", which it carried out in response to a request from the leadership of the former Ministry of Tourism (OECD, 2020). This report was made in support of the public and private stakeholders in Romania, in order to help them work in partnership, to plan, develop, manage and sell, with maximum effectiveness, the offers of tourist destinations where they work. The aim of the study was to strengthen the tourism structures, at each level, within Romania (respectively, local, regional, and national), so as to bring maximum benefits to tourist destinations. The term "regional" used in this study does not have administrative, political, or legal meanings, rather a functional meaning, in the sense of a structure which includes organizations situated on the territory of more than one county.

The respective report was intended to be used by those who will establish new Destination Management Organizations (DMOs) at the local and regional / county level, as well as by those who will be responsible for the functioning of these organizations after they are established. (OECD, 2020, p. 4).

Within this report there is a diagnostic component, with a SWOT analysis made from a national and regional perspective, by capitalizing on the conclusions reached within two regional workshops, organized in Constanta (on the Romanian Black Sea coast) and in Brasov (in the mountainous area of the Carpathians). This study also included some examples of good practice from other parts of the world, as well as recommendations on how to find answers to the complex challenges in developing a network of sustainable DMOs in Romania. Moreover, the study contains a DMO operating Manual, which includes the steps needed to establish and maintain the operation of the DMO network in Romania, and in an annex a DMO roadmap is presented, which shows the actions, roles, and chronological stages of suggested activities for the creation and development of this network of organizations.

The Government of Romania was invited to take into account, in its future activity, the policy recommendations contained in this report.

##### 4.2. The measures regarding tourism stipulated in Romania's National Recovery and Resilience Plan

The aim of the European Union's Recovery and Resilience Mechanism (RRM) is to provide support for key investments and reforms, for a sustainable recovery and the improvement of the economic and social resilience of EU Member States. At the end of the investment period, it is expected that European economies and societies will be better prepared for the challenges of and opportunities for green and digital transitions.

In order to use the RRM financing instrument, each EU Member State has had to draw up its own **Recovery and Resilience Plan (RRP)**, thus setting out its priority investment areas in order to end the crisis, revitalize its economy and increase its resilience capacity. Romania is also at this stage.

The Recovery and Resilience Plan drawn up by Romania is a Strategic Document, which sets out the investment priorities and needed reforms for recovery and sustainable growth, correlated with those of the green and digital transition, envisaged by the European Commission.

The "Tourism and culture" component of the Romanian PNRR is aimed at increasing the social, economic, and territorial cohesion and creating new jobs, while also attracting investments that create added value, thus stimulating social and cultural development. Within Pillar IV. Social and territorial cohesion in PNRR, Component C11 refers to Tourism and Culture, its objective being to increase social, economic, and territorial cohesion and to create new jobs, especially in rural areas. Those who drafted this component of the PNRR considered that promoting a sustainable socio-

economic transformation in rural and disadvantaged areas can be achieved (also) by creating and developing a network of Regional Destination Management Organizations and supporting local investments in tourism (Ministry of European Investments and Projects - MIPE, 2021, p. 1).

Unfortunately, the approach of the authors who drafted this component of PNRR in Romania seems to have started from a wrong premise and they did not understand very well that the DMOs to be created should not be *set up by the Government*, but rather with its support. Thus, in the “Milestones, targets, indicators and monitoring and implementation calendar applicable to the loan” table, belonging to Component C11 of the PNRR it is stated that “**The Government will set up 8 destination management organizations** (in accordance with milestone 328), including all the relevant entities operating in the tourism and culture sectors in a certain area” (MIPE, 2021, p. 3 of the table). This statement was also taken over in the Explanatory Memorandum to Government Emergency Ordinance no. 86/2022 for the amendment and completion of Government Ordinance no. 58/1998 on the organization and development of the tourism activity in Romania.

In our opinion, if such an approach were to be put in practice, with the Government forcing the set up of new organizations, it would be expected for the endeavor to be a real *failure*, as this is not the way to constitute a true *Public-Private Partnership*, able to produce the expected results in the medium and long term!

The vision considered by the PNRR regarding the evolution of tourism is the one formulated in the National Strategy for Tourism Development of Romania 2019 - 2030, respectively that, by 2030, Romania will become a well-known tourist destination, providing high quality, throughout the year, focused on the uniqueness of its cultural heritage and providing services of international caliber. At the same time, it is stipulated that the cultural and creative sectors will contribute to the territorial revitalization of the country in a sustainable way, exploring values such as creativity and transforming them into economic and social benefits (PNRR, 2021, p. 17).

#### **4.3. Recent amendments to the Romanian legislation on tourism activity**

While, declaratively, tourism has been considered a *priority area* or an *area of strategic importance* in Romania, in reality, the measures taken by the (too numerous) governments which ruled the country were not the ones needed for the development of the tourism activity, especially for the tourism promotion of the Romania destination and, in particular, for the increase in the flows of foreign tourists in Romania.

Almost every minister in charge of the ministry of tourism or president of the central public authority responsible for tourism, in recent decades, proposed or tried to impose their own views on the drawing up of a new law on tourism in Romania, given that the legislation in force was adopted in 1998, but their endeavors have never been completed. It would have been very difficult for them to have succeeded, given that, for instance, in the last 7 years, Romania has had 8 governments!

The obligations assumed by Romania as an EU Member State, within Romania’s National Recovery and Resilience Plan (PNRR), within component C11. Tourism and culture, according to which the Ministry of Entrepreneurship and Tourism must take some measures and meet certain milestones and targets, have determined the urgency of the modification of the legislation in force regarding tourism. Thus, on June 23, 2022, the Government of Romania adopted Emergency Ordinance no. 86/2022 for the amendment and completion of Government Ordinance no. 58/1998 on the organization and development of the tourism activity in Romania. It is necessary to specify that, in Romania, the legislation in force allows the Government, under certain conditions, to adopt such Emergency Ordinances (GEOs), which have the force of law and immediate applicability. Subsequently, these GEOs are analyzed, debated, and adopted, with ensuing amendments or rejections, by the Parliament of the country.

The new regulation defined a series of terms regarding tourism activities, such as: tourist reception structure, tourist accommodation, tourist resort, tourism development hub, tourism area of an administrative-territorial unit, hotel complex, balneary complex, etc. The *definition* given to the destination management organization (DMO) is very important, i.e., the “legal person that drafts and implements the tourism development and marketing strategy of the destination, in accordance with the legal provisions in force” (Government of Romania, 2022, art. I. 2. r.), with the specification that these organizations can be set up on 4 levels: local, county, regional and national. In the previous regulation, in accordance with the provisions of law no. 275 of 2018, the

definition of DMO did not differ much, being the following: "a legal entity that carries out the tourism development policy of the destination, including the marketing policy of the destination, in accordance with the legal provisions in force", stating that this is a public utility type of association (Government of Romania, 2018, art. I. 1.).

An important clarification, within the new regulation, is that DMOs can be legally set up as associations only if they obtain the approval of the central public authority responsible for tourism (respectively the Ministry of Entrepreneurship and Tourism), prior to submitting the registration request to the Register of Associations and Foundations.

The *objectives* of the DMOs that will be created, regardless of the level at which they will operate, are, among others, increasing the notoriety of the tourist brand of the destination, increasing the number of tourists coming to the destination during the year and increasing the average tourist stay. To achieve these objectives, the new regulation establishes a number of *activities* that should be carried out by the created DMOs, regardless of the level at which they operate. Among these are the following:

- elaboration of the development and marketing strategy of the destination;
- coordination and implementation of the adopted strategy;
- coordinating the process of realization and implementation of the brand of the respective destination;
- performing market research and studies in the field of tourism regarding the destination;
- contributing to the training of human resources in the field of tourism within the destination;
- attracting funding from national and European sources.

The monitoring of the fulfillment of the objectives set out by each organization will be done by establishing some performance indicators, which will be analyzed periodically.

#### **4.4. The 4 categories of Destination Management Organizations in Romania, depending on the level at which they operate**

At the *local level*, the destination management organization can be established by associating one or more administrative-territorial units (town/city halls of some localities) within the tourist destination with the payers of special taxes for tourism promotion, as well as with other entities that pay the membership fee for being members of the DMOs, in accordance with the provisions of the statute of each organization. Such members can be: organizations belonging to the representative confederations or employers' federations, having activities in tourism, but also other employers' organizations, which are not members of the confederations or employers' federations, as well as other employers and other associative structures within each destination.

For the establishment of a DMO, the following *minimum criteria* have been established by law:

a) The respective destination must already be certified as a tourist resort of local or national level or have a minimum 100 accommodation places within the classified tourist reception structures, within the destination, for a local level DMO, a minimum number of 1,000 classified accommodation places, for a county-level DMO and of at least 10,000 accommodation places in the tourist reception structures for a regional-level DMO;

b) It must prove the possession of a minimum budget of 30,000 Euros at the date of submission of the request for approval from the ministry, in the case of a local DMO, at least 100,000 Euros for the county level one and of at least 250,000 Euros in the case of a regional DMO;

c) The existence of a draft tourism development and marketing strategy and of an action plan, approved by the Board of the organization, but also the possibility that, in the absence of these documents, they could be drawn up and adopted within one year from obtaining the approval from the ministry responsible in the field of tourism;

d) The organizational structure of the local DMO must include at least one position of tourism destination manager.

We can notice that the minimum threshold of 100 classified accommodation places is quite low, in order to give the possibility of creating as many local DMOs as possible, but the budget of only 30,000 euros is too modest to be able to achieve a good promotion of the respective tourist destination, with a limited number of staff to be employed within the organization.

Regarding the destination management organizations at *county level*, they can be set up based on the association between a County Council within the destination with payers of the association’s membership fee. They may be, in accordance with the provisions of their own statute, local destination management organizations within that county, units of public administration in that county, which are not part of the local DMOs established in that county, as well as other entities which operate in that destination, but which are not part of a local DMO in that county. The amount of special taxes for tourism promotion is approved by each local Council of each locality within which the destination is located.

At the *regional level*, destination management organizations aim to draft and implement the regional development and marketing policy. Their establishment can be done by associating one or more county tourist destination management organizations with county administrative-territorial units that are not part of other county destination management organizations and / or with other entities that are not part of another local or county DMO in the region and which pay a fee, according to the provisions in the statute of the respective organization.

Following the discussions carried out throughout the territory by the representatives of the Ministry of Entrepreneurship and Tourism with stakeholders from the Romanian destinations, the following regions were set up, within which 8 regional DMOs will be established:

- 1) Banat-Crişana (on the territory of 5 counties);
- 2) Bucovina (on the territory of a single county: Suceava);
- 3) Dobrudja (two counties);
- 4) Maramureş (two counties);
- 5) Muntenia (11 counties);
- 6) Moldova (7 counties);
- 7) Oltenia (5 counties);
- 8) Transylvania (9 counties).

As can be seen, the aim has been to set up these regional DMOs on the structure of the old historical regions (Provinces) of Romania. However, we cannot fail to notice the enormous discrepancy between their dimensions regarding the number of counties on whose territory these organizations will operate, starting from the situation of a single county or two, and up to seven, nine or even eleven counties, within a single organization! A special situation is that of the Bucovina region, which would operate on the territory of a single county (Suceava), so that the activity of the county DMO will overlap, territorially, with that of the regional DMO.

We can anticipate great difficulties that may arise in the creation and proper functioning of some DMOs which will have such a large number of founding associates, located in many counties, located at considerable distances from each other. This is especially the case of the Muntenia and Transylvania regions. We believe that better solutions could have been found, such as the municipality of Bucharest, the capital of Romania, together with Ilfov County, could have their own regional DMO, the counties in Transylvania could be grouped within two regional DMOs, as well as those in the Moldova region, and the Bucovina DMO could include Neamt County, where there are, among others, numerous monasteries, which are attractions visited by tourists, as is the case of Suceava County. On the other hand, the establishment of the Dobrudja and Maramures DMOs, each having in its composition only two counties, could be much easier to achieve.

The new regulation also stipulates the possibility of an association between several DMOs at local, regional and county level, for the creation, development and promotion of a network of thematic destinations.

At the *national level*, the National Tourism Destination Management Organization is to be established, by associating the central public administration authority responsible in the field of tourism with regional DMOs, other public entities, as well as other private organizations which are relevant to tourism, with national representativeness and which are not part of a local, county, or regional type of DMO.

#### **4.5. The decision-making process within the new DMOs**

A delicate subject, which has been, in recent years, a reason for disputes and misunderstandings between the potential public and private partners in Romania (which could have already set up

DMOs at the local level, but did not agree on this), was and continues to be the *decision-making mechanism* within the governing bodies of these organizations.

Thus, each of the parties (representatives of the local public administration, respectively those of private entrepreneurs within the destination) wanted to have the majority vote right, i.e., to have the opportunity to have the "last word" in decision-making within the organization. Few of them correctly understood the principles of good functioning of a Public-Private Partnership (PPP).

According to the new regulation, the governing bodies of the DMOs, regardless of level, are the General Assembly of the members and the Board of Directors.

The *General Assembly*, made up of all the members, has, mainly, the following *responsibilities*: the drafting and approval of the development and marketing strategy of the destination; validation of the acceptance of new members of the association; election and revocation of the members of the Board of Directors and of the censor; approval of the income and expenditure budget, of the other annual financial statements, discharge procedure for the members of the Board of Directors; changes in the statute of the organization; establishing the amount of the association membership fee.

The *Board of Directors* consists of minimum 5 members, unpaid, each of them having equal voting rights, proposed and voted in the General Assembly of the members of the organization. The main *responsibilities* of the Board of Directors are the following: it coordinates and implements the tourism development and marketing strategy of the destination; it presents, in the General Assembly, the Annual Activity Report, the execution of the revenue and expenditure budget, the annual activity plan, as well as the forecasted budget; it concludes legal acts in the name and on behalf of the association; it approves the personnel policy and the organizational chart of the association; it establishes the procedure through which the tourist destination manager will be hired and it organizes the recruitment process for this position; submits for approval to the General Assembly the membership fee amount.

Within a *local* DMO, decisions will be taken by vote, within the General Assembly of members; however, except for the local public administration authority, the other members of the organization will have a voting right proportional to the amount of special taxes for tourism promotion paid by them during the previous year. The associations or employers' organizations that have among their members payers of the promotion fees will have the right to a vote proportional to the total amount of the fees paid by all the paying members of the respective destination tax. The vote of the other DMO members, who are not payers of the promotion fee, will be calculated in proportion to the amount of the membership fee paid, their vote representing the difference up to 100%, depending on the representativeness established by the local public authorities.

At the level of *county* DMOs, as in the case of *regional* DMOs, the decisions of the members within the General Assembly will be taken on the principle that each member of the organization has the right to one vote, and at the level of the *national* Destination Management Organization, within the General Assembly, the decisions will be taken by vote in proportion to the amount of the membership fee paid.

An important clarification, in the new regulation, regarding DMOs at regional and national level is that, if a member or the association of two or more members ensure more than half of the annual budget of the organization, then that member or the respective association will have the power of veto over the decisions that will be put to the vote. In other words, whoever pays more to the organization's budget will be able to have the last word in any decision within it. It is debatable whether this is the most correct solution that could be found through the new regulation.

#### **4.6. DMOs' funding sources in Romania**

The main *sources of income* of DMOs are, according to the new regulation, the following:

- the amounts transferred to the local DMOs by the local public authorities from the tourism promotion taxes collected;
- association membership fees;
- other amounts with which their members contribute to the promotion and development of tourism;
- funding attracted from external sources.

The DMOs at the local level established, through the new regulation, the obligation of the local public administration authorities to transfer to the local DMOs 20% of the amounts "collected from the tourists" via the special taxes for tourism promotion. This specification, that the taxes are "collected from the tourists", included in the new regulation, could create a great confusion and difficulties in the application of the provisions, because the respective taxes are collected, in some localities, where they were thus approved by the respective local Councils, not from the tourists, but from the companies carrying out accommodation, public catering, leisure activities, companies with a commercial activity, pharmacies and other economic operators that carry out their activity within the destination. This is the case, for example, of the special tourism promotion tax collected in the Mamaia resort, located on the Black Sea, belonging to the city of Constanța (which was the first locality where such a tax was applied, in Romania, since 2013).

Thus, we consider that it would have been necessary to introduce, in the new regulation, among the sources of funding of the destination management organizations, provided in Article 105<sup>5</sup>, both the amounts collected from tourism promotion taxes, paid by economic operators within the destination, and the amounts collected from hotel taxes (resort / city tax) collected from the tourists. This could be the most important source of funding of local DMOs. In fact, this source of funding is considered, by OECD experts, as being ... "the most common example of specific indirect tourism taxation around the world" (OECD, 2017, p. 14).

Within the same destination, it is possible to set out and collect both types of taxes. This is the case, for example, of the tourist resorts belonging to the municipality of Mangalia, in Constanța County (Olimp, Neptune, Jupiter, Cap Aurora, Saturn, Venus resorts, including the city of Mangalia), where, starting from 2021, a tax was imposed, to be collected from tourists, in the amount of 5 Ron (approx. 1 euro) lei / day / tourist / overnight accommodation. However, starting with the year 2022, it was established and paid by the economic operators within the destination, for each activity carried out and for each place of business, a special tax for the development and promotion of tourism. In this case, according to the provisions of the new regulation on local DMOs in Romania, this special tax will not be the source of legal funding for these organizations, only the tax collected from the tourists will be! The amount of the tax collected from the tourists in these resorts was, in 2021, of about 800,000 lei, i.e., just over 161 thousand euros (Pintilie, 2022).

In their turn, according to the new regulations, DMOs at the county level have the obligation to transfer 20% of the amounts received from DMOs at the local level to the DMOs at the regional level to which they will belong. Moreover, DMOs at the regional level have the legal obligation to transfer 20% of the amounts received from the county DMOs to the national DMO.

An important provision of the new regulation refers to those organizations undertaking activities in the field of tourism in Romania, which are already established and operating, according to the provisions of the legislation on organizations and foundations. These associations can modify the provisions within their statute in order to be able to fulfill all the creation criteria and the objectives of a Destination Management Organization, as established by the new regulation. Thus, the respective organizations can be recognized as DMOs based on the approval they will be able to obtain from the central public authority responsible in the field of tourism and after their registration in the Register of Associations and Foundations (Government of Romania, 2022, Art. II). The authors of the OECD study identified 21 such tourism promotion and development associations operating in Romania (OECD, 2020, p. 37).

#### **4.7. The reactions of certain tourism organizations in Romania after the adoption of the new regulation**

While the Federation of Romanian Tourism Employers (FPTR) considered, through a press release on the day of the adoption of GEO 86/2022 (June 23, 2022), that "the money for the promotion of tourism will be in safe hands" and that the changes in and completions to the current legislation on the establishment and operation will facilitate the rapid establishment of local, county and regional DMOs, other entrepreneurs in Romanian tourism did not share that opinion. FPTR praised, through the respective press release, the effort and constructive discussions and concessions made, during the debates, by the associative structures of the local public administration authorities, which thus contributed to the amendments brought to the current



legislation: the Association of Romanian Communes, the Association of Romanian Towns, the Association of Romanian Municipalities, and the National Union of Romanian County Councils (FPTR, 2022).

On the other hand, however, the Alliance for Tourism (APT) has publicly shared its *disappointment* regarding the formula reached in the new regulation, a formula it did not support during the consultations. The Alliance considers that **this step is insufficient** in the absence of clear and explicit regulations, and the implementation of these new provisions, in the absence of some regulations, risks to lead to a *resounding failure*, according to a press release of the organization. The Alliance for Tourism (APT) is built "as a formal platform for the collaboration between its members, organizations aimed at developing the tourism sector in Romania and respecting legal and ethical principles in business" and brings together over 25 tourism organizations in Romania (<https://aliantaturism.ro/>).

As per APT, according to the new regulation, DMO funding at the national level would provide an amount of only about 100 thousand euros per year, and the rest of its revenue would depend on the political decision of the Government. In fact, one of the serious problems that tourism in Romania has faced in the last 3 decades has been the extremely low budget for tourism promotion. For example, in 2022, the promotion budget of the tourist destination Romania is only 2,5 million euros, while other competing countries have 75 million euros or even higher budgets, the APT statement also shows. The target for tourism to have a share of 10% of GDP in Romania cannot be achieved without providing an annual funding of at least 10 million euros / year for the promotion of Romanian tourism abroad, the APT statement continues. Regarding the decision-making mechanism (the way voting takes place), as an essential element for the proper functioning of destination management organizations, APT representatives point out that, considering the way the regulation was adopted, the DMOs cannot work at the local level. Such an organization cannot be compared to a joint stock company, in which a member (even a state authority) has, by law, voting privileges. APT proposed other alternatives, which take into account all the demands of the authorities, but also international examples of good practice. However, according to APT, *a unique option in Europe* was preferred, which is "an important brake in achieving the goal", it is said in the APT statement. (Bănciulea, 2022).

## 5. Conclusions

The new legislative changes regarding the organization and development of the tourism activity in Romania have long been expected and are welcome, even if some provisions are not the most appropriate or the ones expected by most tourism operators.

A real support for the adoption of this new regulation came from the recommendations formulated by the OECD experts, within the study entitled Operationalization of Destination Management Organizations in Romania. Moreover, the fact that within Romania's PNRR, measures, "milestones and targets" were established, which practically forced the Romanian Government to adopt these legislative changes regarding the legal framework on setting up and carrying out DMOs' activity, was a factor which contributed greatly to the urgency of adopting these measures.

We consider, however, that, within PNRR, some provisions were formulated without consulting the tourism business environment. For example, the provision that the Government *will set up* the 8 DMOs, stipulated in Romania's PNRR was at best uninspired, because it induces the idea of an imposition, from the governmental authorities, of the creation of the new DMOs, instead of starting from the premises of real Public-Private Partnerships (PPPs) in the creation and effective functioning, in a sustainable way, of these organizations.

Romanian Government Emergency Ordinance no. 86 of 2022, which brings these legislative changes, even if it is already in force and produces legal effects, will have to be debated in the Romanian Parliament, in the autumn of this year (2022), on which occasion some corrections and modifications / completions could be made, so that the final version of the regulation, which will become law after its adoption in the Parliament, will have the most appropriate form.

In the next period, it is expected that the Romanian Government, especially the Ministry of Entrepreneurship and Tourism, will show more skill and diplomacy in its efforts to discuss and bring to the same table all the stakeholders in the destinations, in order to create the most appropriate partnerships within the new DMOs that will be set up, at all levels. It would be normal to start this process at the local level. It will also take at least an equally important effort to convince most of the tourism promotion and development organizations that have been operating for several years in different places in Romania, so that they can change their organizational and functioning statutes and possibly add more partners so that these organizations be endorsed and recognized as DMOs.

## 6. References

- Bănciulea, G., 2022. Alliance for Tourism: Romania needs a truly functional DMO legislation [Alianța pentru Turism: România are nevoie de o legislație a OMD-urilor cu adevărat funcțională], *Agerpres*, [online]. Available at: <<https://www.agerpres.ro/economic-intern/2022/06/24/alianta-pentru-turism-romania-are-nevoie-de-o-legislatie-a-omd-urilor-cu-adevarat-funcionala--939957>> [Accessed 26 June 2022].
- Borzyszkowski, J., 2013. Legal forms of modern destination management organization and their influence on the range of tasks and responsibilities, *UTMS Journal of Economics*. ISSN 1857-6982, University of Tourism and Management, Skopje, Vol. 4, Iss. 3, pp. 367-376.
- Dore, L. and Crouch, G.I., 2003. Promoting Destinations: An Exploratory Study of Publicity Programmes Used by National Tourism Organizations. *Journal of Vacation Marketing*, 9, pp. 137-149. [online] Available at: <<http://dx.doi.org/10.1177/135676670300900203>> [Accessed 2 June 2022].
- FPTR, 2022. The money for promoting tourism will be in safe hands, Press release, June 23, 2022 [Banii de promovarea turismului vor fi pe mâini sigure, Comunicat de presă, 23.06.2022]. [online] Available at: <<http://www.fptr.ro/media/15902/Comunicat-de-presa-FPTR-23062022.pdf>> [Accessed 25 June 2022].
- Government of Romania, Emergency Ordinance no. 86 of 2022 for amending and supplementing Government Ordinance no. 58 of 1998 on the organization and performance of the tourism activity in Romania, Official Gazette of Romania no. 619 of June 24, 2022 [Guvernul României, Ordonanța de urgență nr 86 din 2022 pentru modificarea și completarea Ordonanței Guvernului nr. 58 din 1998 privind organizarea și desfășurarea activității de turism în România, Monitorul oficial al României nr. 619 din 24 iunie 2022]
- Jugănar, M. 1998. *Theory and practice in marketing research* [Teorie și practică în cercetarea de marketing]. Bucharest: Expert Publishing House.
- Jupp, V. 2010. *Dictionary of social research methods* [Dicționar al metodelor de cercetare socială]. Iasi: Polirom Publishing House.
- Ministry of Entrepreneurship and Tourism/Ministerul Antreprenoriatului și Turismului, 2022. Constantin-Daniel Cadariu: "We have taken the decisive step for the operationalization of the DMOs, a reform expected for over 12 years", Press Release, June 23, 2022 ["Am făcut pasul decisiv pentru operaționalizarea OMD-urilor, o reformă așteptată de 12 ani", Comunicat de presă, 23 iunie 2022]. [online] Available at: <<http://turism.gov.ro/web/2022/06/23/constantin-daniel-cadariu-am-facut-pasul-decisiv-pentru-operationalizarea-omd-urilor-o-reforma-asteptata-de-12-ani/>> [Accessed 26 June 2022].
- Ministry of European Investments and Projects/Ministerul Investițiilor și proiectelor Europene, 2021. National Recovery and Resilience Plan, Pillar IV. Social and territorial cohesion. Component C11. Tourism and Culture [Planul National de Redresare și Reziliență, Pilonul IV. Coeziunea socială și teritorială. Componenta C11. Turism și Cultură], p. 1. [online] Available at: <<https://mfe.gov.ro/pnrr/>> [Accessed 18 May 2022].
- OECD, A review of the Policy Framework for Tourism Marketing and Promotion, *OECD Tourism Papers* 2017/01. Paris: OECD Publishing, p. 14.
- OECD, 2020. Operationalisation of Destination Management Organisations in Romania. *OECD Tourism Papers*, No. 2020/1. Paris: OECD Publishing. ISSN: 23071672. [online] Available at: <<https://doi.org/10.1787/23071672>> [Accessed 11 April 2022].
- Romanian Parliament, Law no. 275 of 2018 regarding the approval of Government Ordinance no. 15/2017 for the amendment and completion of G.O. no. 58/1998 on the organization and performance of the tourism activity in Romania, Official Gazette of Romania no. 1027 of 2018 [Parlamentul României, Legea nr. 275 din 2018 privind aprobarea Ordonanței Guvernului nr.15/2017 pentru

modificarea si completarea O.G. nr. 58/1998 privind organizarea si desfasurarea activitatii de turism in România, Monitorul Oficial al României nr. 1027 din 2018]

- Pintilie, C., 2022. How much money did Mangalia City Hall raise from the tourist tax and the special tax for the development and promotion of tourism, *Ziarul Amprenta*, January 13, 2022 [Câți bani a strâns Primăria Mangalia din taxa de turist și taxa specială de dezvoltare și promovare a turismului, Ziarul Amprenta, 13 Ianuarie 2022]. [online] Available at: <<https://ziarulamprenta.ro/stirile-zilei/cati-bani-a-strans-in-2021-primaria-mangalia-din-taxa-de-turist-si-taxa-speciala-de-dezvoltare-si-promovare-a-turismului/118431/>> [Accessed 6 June 2022].