

SHIFTING PATTERNS OF FOREIGN INVESTMENT IN MOLDOVA

Serghei PETIGHIN*¹

Abstract: This paper examines the evolution of foreign direct investment (FDI) in Moldova from 2014 to 2023, focusing on how small, vulnerable economies adapt to overlapping crises and institutional reform. Using ten years of sector-disaggregated data from the National Bank of Moldova, National Bureau of Statistics, and international institutions (IMF, OECD), the study addresses three questions: How has Moldova's FDI composition changed? Which sectors gained or lost strategic relevance? And how has investor trust evolved through uncertainty? A mixed-methods design combines longitudinal analysis, reinvestment ratios, and a custom volatility index. Findings reveal a shift from traditional sectors such as agriculture and manufacturing toward ICT and logistics, especially after 2018. Investor confidence improved, as seen in rising reinvestment – up from 21% to nearly 39%. External shocks like the banking crisis, COVID-19, and the Ukraine war, rather than stalling FDI, catalyzed sectoral realignments. Moldova's reforms, such as digital infrastructure and tax modernization, enabled strategic repositioning, particularly for nearshoring investors. The conclusions suggest that even small economies can strengthen FDI profiles through targeted institutional improvements and adaptive capacity. The paper offers insights for policymakers navigating volatile capital flows. Future research should examine subnational disparities and firm-level behaviors to enrich understanding of resilience mechanisms.

Keywords: foreign direct investment; Moldova; sectoral reorientation; reinvestment behavior; institutional reform; crisis response.

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Introduction

Moldova's economic structure has long exhibited a significant reliance on foreign direct investment, not only as a capital inflow mechanism but also as a means of technological transfer, employment creation, and institutional modernization. However, the past decade has posed substantial challenges to the country's investment landscape. A succession of shocks, the 2014–2015 banking crisis, the global COVID-19 pandemic, and the repercussions of the 2022 war in Ukraine, have tested the resilience of Moldova's investment environment. Each of these episodes disrupted investor confidence, altered sectoral dynamics, and reshaped the strategic calculus of both new and incumbent foreign enterprises.

The motivation behind this study is rooted in the urgency to understand how small, open, and structurally vulnerable economies such as Moldova adapt to compounding external and internal pressures. Existing literature on FDI in post-transition contexts tends to emphasize either macroeconomic determinants or institutional quality; this paper seeks to complement such approaches by emphasizing the micro-dynamics of sectoral shifts and the temporal inflection points that reoriented Moldova's investment trajectory.

Accordingly, this research explores three interlinked questions:

*¹ Serghei Petighin, Ph.D. student, Academy of Economic Studies of Moldova, ORCID: 0009-0004-8681-3770

How did the composition of FDI in Moldova evolve between 2014 and 2023?

Which sectors gained or lost strategic weight during this period?

How did investor trust manifest over time, particularly in response to crises?

By tracing longitudinal patterns and linking them to concrete policy interventions, institutional shifts, and external shocks, this paper aims to generate insights that extend beyond Moldova, offering implications for comparable economies navigating the complexities of global capital flows in times of volatility.

Literature Review

The evolving nature of foreign direct investment in transition economies has spurred a rich body of scholarship, particularly in the post-2014 context shaped by economic shocks, institutional volatility, and geopolitical realignments. Contemporary research continues to examine traditional FDI drivers - macroeconomic stability, institutional quality, geographic positioning, and market openness, but increasingly through lenses attuned to sectoral shifts and investor confidence dynamics in vulnerable, small states.

In the case of Moldova, its position at the EU-CIS periphery generates a unique set of structural constraints and opportunities. Several recent studies have stressed the critical role of institutional asymmetries in shaping FDI inflows, particularly when macroeconomic indicators alone fail to differentiate investor behavior. Adarov and Pindyuk (2022) highlight that even among Eastern European states with comparable GDP growth or inflation trajectories, variations in judicial independence, contract enforcement, and corruption perception indexes can generate diverging investment patterns. Moldova's sharp FDI decline following the 2014 banking crisis exemplifies how institutional failures - rather than macroeconomic instability *per se* – undermine investor trust (IMF, 2023; World Bank, 2020).

The reinvestment dimension of FDI has also emerged as a central theme in recent literature. Kalotay and Sass (2020) point to reinvested earnings not merely as a residual category but as a bellwether of embedded investor confidence, particularly in small markets where greenfield activity may be constrained. In Moldova, reinvestment flows in ICT, finance, and logistics sectors have outpaced new equity capital, indicating a structural reorientation in investor priorities (FIA, 2024; OECD, 2022). This aligns with Dabrowski (2021), who argues that in post-socialist economies, reinvestment has become a more accurate proxy for the quality, not just the volume, of FDI.

The sectoral diversification of FDI has gained analytical prominence, especially in the aftermath of the COVID-19 pandemic. During this period, Environmental, Social, and Governance (ESG) considerations gained strategic relevance in investor evaluations, particularly in small and transitional economies like Moldova (Petighin, 2024). UNCTAD (2021) and Meyer & Peng (2016) both highlight that crisis periods do not simply suppress capital flows, but redistribute them along new technological and risk-adjusted lines. Moldova's experience post-2020 supports this hypothesis. Sectors such as agriculture and traditional manufacturing witnessed stagnation, while ICT and digital services absorbed

greater investment share, catalyzed by the institutional framework offered by the Moldova IT Park (Invest Moldova, 2022; EIB, 2023). Rodrik (2021) cautions that such transitions, while potentially promising, risk reinforcing premature deindustrialization unless accompanied by productivity-enhancing spillovers.

Moreover, geopolitical turbulence in the Black Sea region, most notably the Ukraine war, has altered investor calculus in logistics, energy, and BPO services. Moldova's relative neutrality and infrastructural accessibility made it a re-routing node for firms seeking stability amid conflict-driven disruptions (OECD, 2022; IMF, 2023). EBRD reports from 2022 and 2023 confirm that Moldova's logistic corridors saw upticks in foreign-backed warehousing and transport startups, particularly from neighboring Ukraine and Romania.

Other scholars have examined the role of human capital, digital infrastructure, and diaspora networks in attracting and anchoring FDI. For instance, the European Commission (2022) suggests that Moldova's investments in digital public services and its relatively tech-savvy labor force have offset concerns about small market size. Meanwhile, the World Bank's Doing Business reports (2019-2020) highlight Moldova's targeted regulatory improvements, such as the "one-stop-shop" model for foreign investors.

Recent contributions by Bevan and Estrin (2021) and Grittersová (2020) have also emphasized the political economy dimensions of FDI. These include the role of domestic elites, regulatory capture, and informal institutional norms in mediating investment outcomes. In Moldova's context, reforms in competition policy, anti-corruption enforcement, and judicial restructuring, while uneven, have shown some traction in investor sentiment surveys (EIB, 2023; UNCTAD, 2023).

Notably, the literature has begun to scrutinize the quality of FDI beyond headline inflow metrics. The concept of "FDI embeddedness," defined as the extent to which foreign firms localize operations, employ domestic labor, and integrate into local value chains, is increasingly used to assess sustainability. FIA's 2024 report underscores this by tracking reinvestment ratios and domestic sourcing behavior among foreign-owned enterprises in Moldova.

A parallel strand of analysis has emerged around resilience indicators, particularly in light of post-pandemic and wartime uncertainties. Studies by the IMF (2022), Eurostat (2023), and Dabrowski (2020) point to the need for micro-level adaptability in policy frameworks. Moldova's response, combining digital economy incentives, regional trade repositioning, and selective labor market upskilling has, according to Invest Moldova (2022), attracted a new class of foreign investors seeking flexibility rather than scale.

Recent research by Moldovan scholars complements international evidence with country-specific insights. For instance, Turcan and Cojocaru (2021) document how regulatory instability and weak contract enforcement constrained reinvestment after the 2014 banking crisis. Bîrcă (2022) highlights persistent regional disparities in investment attraction, stressing that over 60% of greenfield FDI projects during 2016–2020 were concentrated in Chișinău. Meanwhile, Ciobanu (2023) links improvements in e-government services and tax administration to higher post-2020 reinvestment rates in ICT

and business services. Together, these studies reinforce the argument that institutional depth and subnational governance critically shape investment outcomes in Moldova.

In summary, this expanded literature review reveals three intersecting trajectories in Moldova's FDI evolution: institutional credibility increasingly outweighs traditional macroeconomic metrics; sector-specific reinvestment is gaining ground as a stability mechanism; and external crises are not just shocks but structural inflection points that reshape investor behavior. These insights will inform the analytical design in subsequent sections.

Methodology and Data

To investigate Moldova's foreign direct investment trajectory from 2014 to 2023, a multi-layered methodology was designed to integrate time-series statistical analysis with sector-specific disaggregation. This mixed-methods framework was chosen not merely for analytical depth, but due to the empirical necessity of capturing structural shifts obscured by aggregate data. A seemingly stable FDI inflow, when examined in disaggregated form, often reveals substantial volatility in sectoral prioritization, reinvestment behavior, and investor composition.

This approach is consistent with the logic of contextualized econometrics (Rodrik, 2007), whereby raw data are interpreted through institutional, geopolitical, and temporal lenses. The methodology is exploratory rather than confirmatory, aiming to identify inflection points and reorientations rather than to validate *a priori* hypotheses. It rests on three pillars: longitudinal data analysis, sectoral trend mapping, and regional comparative referencing using benchmarks from UNCTAD, IMF, and OECD datasets (UNCTAD, 2020; IMF, 2023; OECD, 2022).

The core dataset spans ten years and integrates data from multiple credible sources:

- National Bank of Moldova (NBM): Quarterly data on FDI flows by type (equity capital, reinvested earnings, intra-company loans) and sector.
- National Bureau of Statistics (NBS): Macroeconomic indicators such as GDP, employment, and trade figures, used for derived metrics (e.g., FDI-to-GDP ratios).
- Invest Moldova & FIA Reports: Firm-level insights, particularly on reinvestment rates and productivity, from 2022 and 2024 reports.
- Other institutions: Comparative reports and regional indicators from UNCTAD, IMF, and OECD.

To ensure temporal coherence and data reliability, only sources updated between 2019 and 2024 were used for time-sensitive metrics, while older sources were retained for historical context. All monetary values were adjusted for inflation using IMF deflators. Sectoral classification followed ISIC Rev.4 standards to harmonize national and international taxonomies.

Four analytical phases were defined to structure the analysis:

1. Pre-crisis period (2014–2015): Characterized by institutional failure following the banking fraud.
2. Recovery and reform (2016–2019): Introduction of pro-investment policies, such as the Moldova IT Park.
3. Pandemic disruption (2020–2021): Shifts in investor strategy amid global uncertainty.
4. Geopolitical realignment (2022–2023): Regional repositioning following the Ukraine war.

Key performance indicators were constructed to avoid misinterpretation from volume metrics alone: FDI-to-GDP Ratio, FDI per Capita, Reinvestment Ratio, Sectoral FDI Share (across ICT, finance, manufacturing, agriculture, logistics, real estate), and Custom FDI Volatility Index (rolling standard deviations across quarters). Due to limited public access to disaggregated sectoral FDI data, sector-specific estimates were constructed using triangulated information from NBM, FIA, and Invest Moldova. Incomplete or inconsistent time series were corrected through interpolation and smoothing to ensure coherence.

A key challenge involved reconciling differing sector classifications. This was addressed via manual reclassification using ISIC Rev.4, based on firms' primary revenue activities. Disruptions from Moldova's 2019–2020 accounting transition were similarly adjusted using secondary indicators.

While the analysis stops short of confirming causality, such as attributing the rise in ICT FDI post-2018 to specific policies, it offers a credible descriptive overview. The use of multiple validated sources and a structured time frame enhances the reliability of findings on Moldova's shifting FDI patterns.

Results

The empirical analysis reveals significant structural shifts in Moldova's FDI profile between 2014 and 2023. These changes are not only sectoral but also compositional, reflecting broader patterns in investor behavior, risk perception, and institutional response to crisis events.

Table 1. Annual FDI Inflows to Moldova by Sector (in million USD), 2014–2023

Sector	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture	57	62	65	60	59	55	50	52	54	53
Manufacturing	320	295	270	260	250	240	230	220	215	210
ICT	40	50	60	85	100	130	150	180	190	200
Finance	150	160	165	170	175	180	170	160	158	155
Logistics	70	68	75	80	85	90	100	120	140	160

Note: Figures are author's estimates based on interpolation and partial sectoral disclosures from NBM, NBS, and Invest Moldova. Sectoral data not fully published for all years.

Source: Elaborated by the author based on data from NBM (2024), NBS (2024), and Invest Moldova (2023).

From 2014 to 2023, Moldova's cumulative FDI inflows totaled approximately USD 4.7 billion, with notable fluctuations corresponding to crisis periods. While the broad trends are consistent with official macroeconomic aggregates, sectoral-level data are reconstructed by the author using interpolation from partially disclosed sources and FIA sectoral snapshots. A sharp contraction occurred in 2015 following the banking scandal, with FDI plunging by over 30%. The period between 2016 and 2019 saw a gradual recovery, particularly in the ICT and finance sectors, driven by regulatory reforms such as the establishment of the Moldova IT Park. A second contraction appeared in 2020 with the onset of the COVID-19 pandemic, although this was partially offset by increased reinvestment from incumbent investors. By 2022–2023, FDI levels began to rebound, with logistics and ICT absorbing the bulk of new inflows amid Ukraine war-related supply chain realignments.

Analysis of sectoral shares reveals clear reorientation over time:

- ICT increased its share from 6.1% in 2014 to over 19% in 2023.
- Manufacturing declined from 28% in 2014 to just under 16% by 2023.
- Agriculture, long considered a traditional FDI recipient, saw stagnation and modest decline, falling from 8.2% to 5.7%.
- Finance and insurance maintained moderate growth, peaking in 2019 at 22% before stabilizing.
- Logistics and transport gained strategic relevance post-2022 due to regional supply chain diversification.

The reinvestment ratio, defined as reinvested earnings over total FDI inflows, rose markedly from an average of 21% in 2014–2015 to over 38% in 2022–2023. This suggests an increased confidence among incumbent investors, particularly in regulated sectors like ICT and finance. Interviews revealed that legal predictability and digital infrastructure were major retention factors.

Table 2. Evolution of FDI Reinvestment and Volatility Index in Moldova, 2014–2023

Year	Reinvestment Ratio (%)	FDI Volatility Index
2014	21.0	15.3
2015	22.5	28.1
2016	24.0	12.4
2017	26.2	10.5
2018	28.7	9.8
2019	30.5	11.2
2020	34.1	25.0
2021	36.0	13.7
2022	37.8	12.3
2023	38.5	11.0

Note: Reinvestment ratios for 2014–2023 are partially drawn from FIA (2024) and NBM disclosures. The FDI Volatility Index is a custom metric created by the author, calculated as a rolling standard deviation of quarterly FDI inflows.

Source: Elaborated by the author based on data from NBM (2024), FIA (2024), and IMF (2023).

The custom FDI Volatility Index peaked in 2015 and 2020, highlighting heightened investment uncertainty during the banking scandal and the pandemic. To improve interpretability, a custom FDI volatility index was constructed, capturing intra-annual fluctuations. While unconventional, it offers directional insight into investor sentiment during crisis periods. However, volatility dampened post-2021, suggesting either investor adaptation or reduced entry by risk-averse firms. Notably, Moldova's FDI volatility post-2022 was lower than regional peers like Ukraine and Georgia, possibly reflecting its relative geopolitical neutrality.

- FDI-to-GDP Ratio averaged 5.3% across the period but dipped to 3.8% during crisis years.
- FDI per Capita improved from USD 184 in 2014 to USD 312 in 2023.
- Sectoral Depth: ICT and logistics not only increased in share but also showed deeper capital intensity per firm compared to other sectors.

Table 3. Key Performance Metrics of Moldova's FDI Profile, 2014–2023

Year	FDI-to-GDP Ratio (%)	FDI per Capita (USD)	Total FDI Inflows (USD million)
2014	4.9	184	667
2015	3.8	142	490
2016	4.2	168	540
2017	5.1	190	620
2018	5.6	210	670
2019	6.0	230	720
2020	4.0	195	590
2021	4.8	250	680
2022	5.5	290	750
2023	5.9	312	800

Note: Total FDI inflow figures for select years have been adjusted by the author using IMF deflators and cross-validated against NBM and OECD macroeconomic dashboards. Minor discrepancies may reflect methodological differences in data categorization.

Source: Elaborated by the author based on IMF (2023), NBM (2024), and NBS (2024) statistical data.

These findings underline a clear pivot in Moldova's FDI structure from traditional sectors like agriculture and manufacturing to knowledge-driven and regionally responsive industries. FDI metrics such as per capita flows and FDI-to-GDP ratios were derived from IMF country reports and NBS macroeconomic summaries, with interpolation applied where gaps existed. The compositional shift, coupled with rising reinvestment and declining volatility, suggests a maturing investment environment that, while still vulnerable to shocks, is gradually gaining investor trust.

Discussion

The observed dynamics in Moldova's foreign direct investment profile between 2014 and 2023 suggest a significant evolution from passive capital absorption to a more targeted and responsive model of investment facilitation. While this transformation remains incomplete,

notable progress has been made in shaping a structured FDI environment influenced by both deliberate institutional reform and adaptive investor behavior amidst regional and global shocks. This section engages with relevant theoretical frameworks and situates Moldova's experience within comparative post-socialist and small-economy investment narratives.

The country's gradual realignment from traditional sectors such as agriculture and low-end manufacturing toward higher-value services, particularly information and communications technology and logistics, underscores a pattern of sectoral prioritization in the face of capacity constraints. This phenomenon partly reflects Rodrik's (2015) concern regarding premature deindustrialization in emerging economies, where manufacturing decline is not always offset by productivity gains in services. In Moldova's case, initial sectoral erosion was evident, but the post-2018 emergence of the Moldova IT Park marked a critical inflection point. Offering predictable fiscal regimes and administrative efficiency, the park catalyzed digital-sector reinvestment and contributed to the clustering of foreign-owned enterprises (FIAs, 2024; Popescu, 2023).

This reallocation toward ICT aligns with broader regional observations by Kalotay (2018), who found that many Central and Eastern European (CEE) countries have increasingly relied on services-based reinvestment to sustain FDI momentum. However, Moldova's concurrent expansion in logistics distinguishes its trajectory. Geopolitical realignments, particularly the Ukraine war, amplified Moldova's strategic location as a cross-border hub. The redirection of supply chains through Giurgiulești Port and transport corridors near Chisinau allowed Moldova to absorb logistical overflow, echoing supply resilience strategies observed across Europe (OECD, 2022; EBRD, 2023).

Data from NBM and sectoral stakeholders also reveal a marked uptick in reinvestment ratios since 2020. This metric, often viewed as a proxy for investor confidence, signals increasing embeddedness of capital already present in the economy (UNCTAD, 2022). Reinforced by contextual literature (Campos & Kinoshita, 2010; Adarov & Pindyuk, 2022), such trends indicate that Moldova is gradually transitioning from a short-cycle recipient of capital to a jurisdiction where firms choose to deepen their operational presence. Factors contributing to this trend include not only cost competitiveness and geographic proximity to the EU but also regulatory modernization, such as e-invoicing systems, tax harmonization reforms, and simplified licensing regimes (IMF, 2023; World Bank, 2022).

Beyond descriptive trends, three institutional drivers help explain why Moldova's FDI reoriented after 2018. First, fiscal predictability introduced by Moldova IT Park reduced compliance costs and policy uncertainty for digital firms. Second, tax administration reforms (e-filing and risk-based audits) lowered transaction frictions, which particularly mattered for SMEs with foreign ownership. Third, selective infrastructure upgrades (logistics corridors and border digitalization) improved time-to-market for exporters. These mechanisms jointly transformed reinvestment from a defensive choice into a growth strategy.

Nevertheless, significant institutional disparities persist. While national reforms have improved the formal investment climate, interviews and policy briefings (FIA, 2024) suggest that inconsistent enforcement at subnational levels continues to hinder investor

experience. Issues around judicial transparency, municipal permitting processes, and inconsistent tax interpretations remain recurrent friction points. This supports the argument advanced by Adarov and Pindyuk (2022), who highlight intra-country institutional asymmetries as a persistent barrier to sustained investor trust.

A spatial dimension further nuances these findings. Official statistics and FIA surveys indicate a persistent concentration of foreign-owned activity in the capital region: Chișinău and adjacent districts account for roughly two-thirds of operational FDI stock, while northern and southern regions lag behind despite lower labour costs. Limited municipal capacity, fragmented land markets, and weaker local infrastructure constrain regional absorption. As a result, national-level reforms have diffused unevenly, reinforcing a capital-centric growth pattern rather than territorial convergence.

What is particularly striking in Moldova's case is how external crises did not uniformly suppress FDI but rather accelerated certain structural transitions. Both the COVID-19 pandemic and the Ukraine war acted as catalytic events that reshaped investor priorities across the region. For instance, global supply chain disruptions triggered renewed interest in nearshoring and digital platforms, areas where Moldova was relatively well-positioned, despite its limited scale (Meyer & Peng, 2016; UNCTAD, 2020). In parallel, the pandemic-era investment reorientation toward ESG-aligned sectors, highlighted by Petighin (2024), resonated with Moldova's focus on digital governance and sustainable logistics. Moldova's geopolitical neutrality, comparatively stable currency, and membership in regional trade regimes created a perception of moderate-risk stability, further strengthening its appeal to displaced capital (Eurostat, 2023; WTO, 2023).

Another noteworthy point concerns Moldova's response to the post-pandemic investment wave. While global FDI volumes remained volatile, Moldova registered not only sustained reinvestment but also diversification in source countries. Investment from non-traditional partners, including Turkey and the Baltics, has increased since 2021, particularly in logistics, real estate, and IT services (OECD, 2022; NBM, 2024). This diversification reduces over-dependence on legacy markets such as Romania or Russia, enhancing resilience amid future uncertainty.

In parallel, human capital has increasingly become a determinant of reinvestment strategy. Several foreign managers interviewed in 2024 pointed to the relative quality of Moldova's STEM graduates and bilingual workforce as a key factor in location decisions, despite brain drain concerns (Invest Moldova, 2023). This highlights a paradox: while labor migration erodes the domestic talent base, remittances have helped sustain local consumption, and diaspora engagement has brought back capital and skills in niche sectors (GIZ, 2023; ETF, 2021).

In sum, Moldova's FDI evolution appears to reflect a complex dual trajectory. On one hand, endogenous reforms have incrementally improved institutional and regulatory clarity, gradually fostering greater investor stickiness. On the other hand, exogenous crises have disrupted traditional flows and opened windows of opportunity for countries

positioned to adapt swiftly. Moldova's relative agility, while not without constraints, has allowed it to harness both vectors.

Comparing declared government priorities with realized flows reveals partial alignment. Digital economy incentives translated into measurable ICT inflows, whereas industrial upgrading strategies produced weaker manufacturing renewal. The gap reflects implementation bottlenecks (skills mismatch and utilities outside the capital) rather than policy intent, underscoring the role of execution capacity in investment outcomes.

This raises broader implications for small economies navigating an increasingly fragmented global landscape. Moldova's experience suggests that scale can be offset by strategic specialization and credible reform signals, especially when paired with regional repositioning. More importantly, it illustrates that crisis moments, when framed within reformist momentum, can serve as accelerators rather than disruptors of long-term investment upgrading.

Conclusions

This paper examined the evolution of foreign direct investment in Moldova between 2014 and 2023, a period marked by overlapping crises and gradual institutional reforms. Drawing on longitudinal data, sectoral disaggregation, and contextual benchmarks, the analysis traced both compositional shifts and behavioral adaptations in the FDI landscape.

Three central findings emerge. First, Moldova's sectoral orientation has undergone a meaningful transformation. Traditional areas such as agriculture and manufacturing have declined in relative importance, while ICT and logistics have gained strategic weight. This shift reflects not only global trends but also domestic policy choices, such as the establishment of the Moldova IT Park and selective infrastructure investments.

Second, investor trust, as evidenced by rising reinvestment ratios and reduced FDI volatility, appears to have improved, especially in sectors with stable regulatory environments. This suggests that while Moldova remains a relatively high-risk environment, pockets of predictability can anchor long-term capital. The evolution of investor sentiment, however, remains uneven across sectors and dependent on continued reform momentum.

Third, the data indicate that crises can serve as catalysts for investment reorientation. Rather than halting capital flows, the banking crisis, the COVID-19 pandemic, and the Ukraine war each accelerated specific structural adjustments. Moldova's ability to absorb redirected capital in logistics or retain digital-sector investment amid global uncertainty speaks to the nuanced interplay between vulnerability and opportunity.

These findings contribute to a broader understanding of how small, open economies navigate FDI under stress. Moldova's case illustrates that strategic sectoral policy, coupled with institutional predictability, can gradually reshape an investment profile – even in the face of adversity.

Three priorities emerge. (i) **Sectoral focus:** consolidate ICT and logistics via stable tax regimes, targeted skills programmes, and supplier-development schemes to increase

local linkages. (ii) **Regionalization:** introduce location-based incentives and co-invest in utilities and industrial land outside Chișinău to rebalance territorial investment. (iii) **Safeguarding capital:** strengthen one-stop investor services, contract enforcement at municipal level, and aftercare programmes to protect reinvestment during shocks. Future research could explore firm-level panel data or subnational governance effects to deepen insight into the micro-foundations of these trends.

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