

Economic Cluster Development in The Republic of Moldova: Policy Challenges and Future Directions in a Global and EU Comparative Context

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Abstract

The development of economic clusters is increasingly recognized as an important tool for enhancing competitiveness, innovation and regional development. This paper proposes policy directions for strengthening the cluster development framework in the Republic of Moldova, drawing upon cross-national empirical evidence and EU cluster policy design. The analysis highlights that, despite the growing recognition of cluster development in the Republic of Moldova's strategic and legislative framework, substantial bottlenecks remain in institutional frameworks, industry-research synergies, relational capital, and the operationalization of cluster policies. Based on these findings, the paper proposes recommendations covering systemic, framework, and cluster-specific interventions aimed at fostering collaboration, innovation, competitiveness, and the sustainable development of regions through better utilization of local economic potential, including in traditional and rural-based industries.

Keywords: *networks, economic clusters, industrial policy, sectoral planning methods, cluster policy, social capital, transactional relationships, geographical proximity*

JEL classification: O25, L14, L52

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1. Introduction

In the context of increasing global competition, economic clusters have emerged as an important policy instrument for enhancing productivity, innovation, and regional competitiveness. The conceptual evolution from Marshallian (1890) external economies to Porter's (1990) cluster theory underscores the role of spatial proximity in driving regional competitiveness. Wolman and Hincapie (2015) operationalize this by defining clusters as integrated networks of firms, academic bodies, and suppliers that catalyse growth through collaborative spillovers.

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The growing recognition of clusters as drivers of economic development has led many countries and regions to incorporate cluster-based approaches into their industrial, innovation, and regional development policies. For small and open economies in particular, cluster development represents a promising strategy for overcoming structural constraints, enhancing participation in global value chains, attracting investment, and fostering innovation-led growth. However, the success of clusters varies considerably across countries and sectors. While some agglomerations evolve into dynamic and competitive cluster ecosystems, others remain simple geographic concentrations of economic activity with limited innovation and collaboration effects.

This observation raises a fundamental question: what makes a cluster work? While the existence of a critical mass of firms and the spatial concentration of economic activities constitute important preconditions for cluster formation, the literature increasingly emphasizes that agglomeration alone is insufficient to generate sustained competitive advantages. An equally important dimension of clustering relates to the quality of interactions among firms and supporting institutions. Consequently, increasing attention has been devoted to understanding the network dimension of clusters and the relationships among their participants. Reflecting this shift, Chifor et al. (2023) show that networks and relationships among cluster members have become the dominant themes in the cluster literature. The growing emphasis on networks has led to the development of theoretical approaches that explain cluster performance through the quality of inter-organizational relationships rather than geographical proximity alone. Among the most influential is the social network model of clustering. It highlights the role of informal relationships, trust, and knowledge exchange among firms, universities, research institutions, industry associations, and other stakeholders (Gordon and McCann, 2000). Through these networks, tacit knowledge can be spread more effectively, facilitating innovation, technological upgrading, and the diffusion of best practices. Such interactions generate what is often referred to as social capital, a key intangible asset that strengthens the collective competitiveness of cluster participants (Boschma, 2005).

Consequently, contemporary cluster policies increasingly focus not only on supporting sectoral concentration and specialization but also on fostering collaboration, trust-based networks, knowledge exchange, and institutional linkages capable of transforming agglomerations into dynamic and innovation-driven cluster ecosystems.

The relevance of this perspective is particularly evident in the Republic of Moldova (hereafter Moldova). Over the last decade, several empirical studies have identified varying degrees of industrial concentration and cluster potential across a number of economic sectors. Using methodologies based on international trade specialization index (Todorova, 2017), location quotients (Novac, 2018), cluster indices (Rusu and Benea-Popușoi, 2024), and other measures of regional specialization (Ivașcenco, 2025), these studies have highlighted favourable conditions for cluster development in sectors such as agri-food production, wine-

making, textiles and apparel, automotive components, information and communication technologies, pharmaceuticals, and furniture manufacturing. The findings suggest that Moldova possesses a number of emerging industrial agglomerations with the potential to evolve into competitive clusters.

However, the existence of cluster potential in the Republic of Moldova has not yet translated into the emergence of mature and well-functioning clusters. While economic concentration and specialization provide an important foundation for cluster development, they are not sufficient to generate sustainable cluster dynamics. Industrial agglomerations continue to be characterized by weak cooperation among firms, limited interaction between businesses and research institutions, low levels of collaborative innovation, and insufficient collective action (Benea-Popușoi and Rusu, 2021). As a result, the transition from industrial concentration to fully developed cluster ecosystems is very slow.

This observation raises an important policy question. If Moldova possesses sectors with demonstrated cluster potential, why have these agglomerations not evolved into mature and internationally competitive clusters? The answer appears to lie not in the absence of economic specialization, but rather in the limited effectiveness of the institutional and policy environment including the one supporting specifically cluster development. So far, even if cluster development has been recognized as a policy priority in several national strategic documents, actual policy interventions have remained limited. Thus, cluster development efforts have largely relied on isolated projects and donor-supported initiatives rather than on a coherent and comprehensive policy framework.

International experience demonstrates that competitive clusters rarely emerge spontaneously. Instead, they require targeted public interventions aimed at strengthening cooperation, facilitating knowledge exchange, and supporting innovation among cluster participants (Asheim, 1999; Crescenzi and Rodríguez-Pose, 2012).

Consequently, the challenge facing Republic of Moldova is no longer the identification of potential clusters, as substantial evidence regarding sectoral specialization and agglomeration patterns already exists, but rather the design of an effective policy framework capable of transforming these agglomerations into competitive and innovation-driven cluster ecosystems. Against this background, the objective of this paper is to propose strategic directions for the development of a cluster policy framework in the Republic of Moldova.

2. Data and methods

Our research adopts a qualitative and conceptually oriented research design aimed at formulating policy recommendations for cluster development in Moldova. Rather than generating new empirical evidence, the analysis builds upon existing theoretical and empirical literature on clusters, agglomeration economies, social capital, innovation, and regional development. The paper considers also previous

assessments of cluster potential in Moldova, as well as international experience in cluster policy design and implementation.

In addition, the paper examines the current policy framework relevant to cluster development in Moldova. Using the European Commission's classification of cluster-related policies, the analysis reviews systemic, framework, and cluster-specific interventions and assesses their contribution to creating conditions conducive to cluster development.

Methodologically, we employ a comparative framework driven by complementary inductive and deductive reasoning. Theoretical insights from the literature and lessons derived from international practice are contrasted with the current policy framework and cluster development experience of the Republic of Moldova. This approach enables the identification of policy gaps, institutional constraints, and areas for policy improvement, which serve as the basis for recommendations tailored to Moldova's economic and institutional context.

3. Theoretical framework

3.1 Agglomeration Economies and Cluster Formation

The origins of cluster theory can be traced to Marshall's (1890) concept of industrial districts, which emphasized the economic advantages generated by the geographical concentration of firms operating within related industries. Building upon Marshall's insights, subsequent contributions in regional economics further explored the mechanisms driving spatial concentration and explained the positive effects they generate (Porter, 1990; Malmberg and Maskell, 2006; Crescenzi and Rodríguez-Pose, 2012). New Economic Geography, particularly the work of Krugman (2000), highlighted the role of increasing returns to scale, transportation costs, and market size in shaping the geographical distribution of economic activities. From this perspective, agglomeration is viewed as a self-reinforcing process whereby firms benefit from proximity to markets, suppliers, and skilled labor, which in turn attracts additional economic activity. Empirical evidence has consistently demonstrated positive relationships between agglomeration and regional economic performance, including higher productivity, increased innovation activity, employment growth, and export competitiveness. However, while agglomeration creates the conditions under which clusters may emerge, it does not automatically generate the collaborative and innovative dynamics associated with successful cluster ecosystems. This limitation has led scholars to examine additional factors that distinguish competitive clusters from simple geographical concentrations of firms.

3.2 Social Capital, Networks and Knowledge Spillovers

A second major stream of literature emphasizes the importance of social networks, trust, and knowledge exchange in explaining cluster performance. Gordon and McCann (2000) describe this perspective as the social network model

of clustering, which focuses on the relationships among firms and supporting institutions rather than on geographical proximity alone. Within this framework, innovation emerges through formal and informal interactions among firms, universities, research institutes, business associations, and public organizations. Such interactions facilitate the transmission of tacit knowledge, which is difficult to codify and therefore often requires direct personal contact and repeated interaction. Namely these exchanges generate knowledge spillovers that enable firms to access new ideas, technologies, and capabilities, thereby supporting innovation, technological upgrading, and the diffusion of best practices.

The effectiveness of these networks depends largely on the presence of trust and social capital. As argued by Boschma (2005), different forms of proximity, including cognitive, organizational, institutional, and social proximity can facilitate learning and cooperation among economic actors.

The importance of trust, social capital, and collaboration for cluster development is also supported by empirical evidence from the Republic of Moldova. Building on the theoretical arguments advanced by Porter (2000) and Boschma (2005), Benea-Popușoi and Rusu (2021) in a case study based on an emerging cluster in Moldova, found that the geographical concentration of firms alone is insufficient to generate the benefits typically associated with cluster development. Their research revealed that, despite the existence of agglomerations, cooperation among firms remained limited due to low levels of trust, a weak culture of collaboration, and a predominantly individualistic approach to business development. The study also identified weak linkages between businesses and research and educational institutions, with interactions largely confined to workforce training rather than innovation and knowledge transfer. More broadly, collaboration within potential cluster environments was found to be constrained by a wider climate of mistrust associated with institutional weaknesses, including concerns related to contract enforcement, property rights protection, and corruption. These findings suggest that one of the key barriers to cluster development in the Republic of Moldova is not the lack of agglomeration, but rather the limited stock of relational capital necessary to support cooperation, innovation, and collective action (Benea-Popușoi and Rusu, 2021).

3.3 Cluster Policy and the Role of Public Intervention

Over the past decades, economic development policies have increasingly evolved from traditional approaches focused on individual firms towards more integrated, ecosystem-based models of development.

The European Union experience illustrates this dynamic, where clusters have become an important instrument for enhancing competitiveness, innovation, and regional development. Thus, regions characterized by strong cluster ecosystems tend to achieve higher levels of productivity, innovation capacity, and adaptability to economic and technological change. As a result, cluster policies

have gradually moved to the centre of industrial, innovation, and regional development strategies (European Commission, 2008; ECCP, 2024).

Unlike traditional economic development policies, which primarily focus on improving framework conditions for individual firms, cluster policies seek to strengthen the relationships among firms, research institutions, universities, public authorities, and other stakeholders. In this context, cluster policy is rather regarded as a cross-cutting approach that combines elements of industrial, innovation, regional, and SME policies in order to foster collaboration, knowledge exchange, and collective competitiveness (European Commission, 2008).

This evolution has given rise to a distinct cluster-based economic development model that differs in several important respects from the traditional economic development model (Muro and Katz, 2011).

The peculiarities of traditional and cluster-based economic development models

Table 1

<i>Analysis dimension</i>	TRADITIONAL ECONOMIC DEVELOPMENT MODEL	CLUSTER-BASED ECONOMIC DEVELOPMENT MODEL
<i>Economic doctrine</i>	Neoclassical economics	Innovation and institutional economics
<i>Key actors</i>	Individual firms	Networks of firms and cluster organizations
<i>Policy instruments</i>	General business environment policies	Cluster support and network-building policies
<i>Growth mechanism</i>	Efficient market allocation of resources	Regional innovation ecosystems and collaboration
<i>Role of government</i>	Provider of inputs and macroeconomic stability	Facilitator of partnerships and collective action

Source: Muro, M. and Katz, B., 2011

The role of government is substantially different in the two approaches. While the traditional model focuses primarily on creating favourable framework conditions for business activity, the cluster-based model assigns a proactive role to public authorities in facilitating cooperation, supporting cluster organizations, strengthening institutional linkages, and fostering innovation ecosystems.

For the Republic of Moldova, the distinction between these two paradigms is particularly relevant. Whilst traditional pro-business policies remain important, they may be insufficient to address the structural challenges associated with innovation, productivity growth, and international competitiveness. A cluster-based approach offers a complementary framework capable of supporting smart specialization, strengthening regional economic ecosystems, and facilitating integration into European and global value chains.

4. Main results

The review of the theoretical and empirical literature suggests that successful clusters are not simply concentrations of economic activity, but rather

collaborative ecosystems characterized by trust, knowledge exchange, innovation, and collective action.

Therefore, if the competitiveness of clusters depends on collaboration, innovation, and the strength of institutional linkages, then public interventions should extend beyond traditional support measures aimed at individual firms and focus on fostering the conditions that enable collective action and ecosystem development. Reflecting this perspective, the European Commission (2008) groups public interventions supporting cluster development into three broad categories.

First, systemic policies that aim to establish a stable and predictable macroeconomic and institutional environment “creating a favourable microeconomic business environment for growth and innovation” (European Commission, 2008). Although these policies do not target clusters directly, they create the conditions under which clusters can emerge and develop.

A second category comprises framework policies, such as industry and SMEs policies, research and innovation policies, and regional policy. These policies often use the cluster approach to increase the efficiency of a specific instrument.

Third, cluster-specific policies that consist of dedicated programs and initiatives explicitly designed to support cluster formation and development. These interventions typically seek to strengthen cluster governance, mobilize resources, facilitate collaboration among cluster participants, and enhance the capacity of cluster management organizations.

The typology proposed by the European Commission provides a useful analytical framework for assessing the extent to which national policy frameworks support cluster development. An assessment of these policy dimensions in the Moldovan context is presented below, with the aim of identifying existing strengths, implementation gaps, and areas requiring further policy intervention.

4.1 Assessing systemic policies supporting clusters in Moldova

With regard to systemic policies, Moldova has implemented a broad range of reforms aimed at improving the business environment, advancing trade liberalization, deepening integration into international markets, and accelerating the digitalization of public services. These reforms have strengthened the foundations for private sector development and facilitated the country's gradual integration into European and global markets. However, the macroeconomic environment remains characterized by significant vulnerabilities. Over the last decade, economic growth has slowed considerably, with average annual growth declining from 4.6 percent during 2004-2013 to only 2 percent during 2014-2025. This slowdown reflects a combination of structural constraints and external shocks, including demographic decline, limited investment, infrastructure bottlenecks, declining competitiveness, the COVID-19 pandemic, the energy crisis, and the economic consequences of Russia's war against Ukraine (Lupușor et al., 2025). In addition, Moldova remains highly exposed to external developments due to its dependence on imported

energy, small domestic market, and strong economic links with a limited number of trading partners. These vulnerabilities constrain productivity growth, economic diversification, and firms' capacity to innovate and integrate into higher value-added activities, thereby limiting the emergence and long-term sustainability of competitive cluster ecosystems.

The quality of the institutional environment represents an additional challenge. According to the Worldwide Governance Indicators (World Bank, 2025). Moldova continues to face difficulties related to the rule of law and control of corruption. These governance constraints are particularly important from a cluster development perspective, as they can undermine trust, increase transaction costs, and reduce incentives for long-term cooperation among firms and institutions.

From a cluster development perspective, these macroeconomic and institutional conditions are of particular importance. While Republic of Moldova has made important progress in strengthening the systemic foundations for private sector development, further improvements in macroeconomic resilience, infrastructure and governance remain necessary to support the emergence of strong and competitive cluster ecosystems.

4.2 Evaluating framework policies supporting clusters in Moldova

With regard to framework policies, Moldova has gradually developed a range of policy instruments that indirectly contribute to the formation of cluster ecosystems, by creating the institutional, regulatory, and economic conditions for cooperation among firms, research organizations, educational institutions, and public authorities.

Over the last two decades, Moldova has implemented a number of reforms aimed at improving the business environment. Notably, the so-called "Guillotine" regulatory reforms sought to simplify administrative procedures, reduce excessive regulation, and eliminate unnecessary barriers to entrepreneurial activity. These efforts contributed to improving the regulatory framework for businesses and reducing compliance costs. According to the World Bank's Worldwide Governance Indicators, Moldova has gradually improved its performance in terms of regulatory quality over the last two decades, increasing from levels below the global median in the late 1990s to around the 55th-60th percentile in recent years. Despite this progress, the country continues to lag behind many Central and Eastern European economies, indicating persistent challenges related to regulatory predictability, administrative efficiency, and policy implementation (World Bank, 2025).

Support for small and medium-sized enterprises has also evolved considerably since independence. In recent years, with the support of the European Union and other development partners, Moldova has introduced grant schemes, state guarantee mechanisms, subsidized lending programs, and interest compensation instruments aimed at improving access to finance (OECD/EBRD, 2023). These measures address one of the major constraints faced by Moldovan

enterprises, namely the chronic shortage of investment resources and limited access to affordable financing, which, in turn, determines the technological underdevelopment and weak innovation capacity.

Agricultural policy has also undergone significant transformation, particularly since the early 2000s, with increasing emphasis on modernization, competitiveness, and alignment with European standards. Given the importance of agri-food production and wine-making as potential cluster sectors, these developments constitute an important element of the broader framework supporting cluster development.

State-led infrastructure investments - Free Economic Zones, industrial parks, business incubators, and export promotion mechanisms, have driven industrial specialization, foreign investment and some integration into international value chains. However, their contribution to cluster evolution remains peripheral, as policy frameworks prioritize capital attraction over institutional collaboration and network ecosystems.

Additionally, Republic of Moldova has adopted several strategic documents aimed at promoting innovation and strengthening the national research and development system. Nevertheless, innovation governance remains fragmented, with responsibilities dispersed across multiple institutions and limited coordination among key stakeholders. According to the European Commission (2023), weak institutional synergies and insufficient collaboration between research organizations and the private sector continue to constrain innovation performance. These challenges are reinforced by the fact that earlier policy frameworks were predominantly focused on supporting public research, while giving less attention to the commercialization of research outputs, technology transfer, and the innovation needs of businesses (UNECE, 2022). The weak interaction between the research sector and the business community is further reflected in the low share of research talent employed in the private sector, which accounted for only 6.2% in 2025 (WIPO, 2025).

Overall, while Moldova has established many of the framework conditions necessary for cluster development, important gaps remain in terms of policy coordination, innovation governance, access to finance, and effective integration of businesses, research institutions, and public authorities. As a result, framework policies have created favourable preconditions for cluster formation, but have been less successful in generating the collaborative dynamics and innovation ecosystems required for the emergence of competitive and self-sustained clusters.

4.3 Assessing cluster-specific interventions in Moldova

Cluster-specific interventions remain the least developed component of Moldova's policies supporting clusters. Over the last decades, the concept of cluster development has gradually gained recognition within the country's strategic and legislative framework. Cluster development has been incorporated into a series of policy documents, including the SME Sector Development Strategy 2012-2020 (Government of Moldova, 2012), the Industrial Cluster Development Concept

(Government of Moldova, 2013), the Law on Small and Medium-Sized Enterprises (Parliament of Moldova, 2016), the National Program for Entrepreneurship Promotion and Competitiveness Enhancement 2023-2027 (Government of Moldova, 2023), the National Industrial Development Program 2024-2028 (Government of Moldova, 2024a), the National Economic Development Strategy 2030 (Government of Moldova, 2024b), and more recently the Smart Specialization Program "Smart Moldova" 2024-2027 (Government of Moldova, 2024c). Collectively, these initiatives establish a foundational legislative framework that increasingly aligns Moldova's regional competitiveness approach with European practices.

However, a stark gap persists between Moldova's strategic rhetoric and its operational capacity. The unadopted 2021 Cluster Support Program left a vacuum in national financing, governance support, and evaluation frameworks. Consequently, development is driven by external donors, with UNDP Moldova anchoring 17 regional clusters across various sectors. While these initiatives, alongside separate breakthroughs in sectors like ICT and automotive components, demonstrate substantial cluster potential, their long-term viability remains precarious without institutionalized domestic funding.

Consequently, Moldova's cluster policy can be characterized by a significant implementation gap. While the strategic and legislative recognition of cluster development has increased substantially, the transition from policy commitments to effective cluster-specific interventions remains incomplete. This gap explains why Moldova has achieved more limited results in transforming cluster initiatives into mature, competitive, and self-sustained cluster ecosystems.

5. Discussion and policy implications for Moldova's national cluster landscape

Cluster development is no longer seen as a process driven solely by the market, but as an area in which public policies play an important role. Based on the empirical evidence and institutional gaps identified in the preceding sections, this discussion operationalizes a multi-level policy matrix for Moldova. To transition from donor-dependent initiatives to a self-sustaining cluster ecosystem, in line with the European Commission's classification of cluster-supporting policies, interventions must be synchronized across three interconnected pillars: systemic policies, framework conditions, and cluster-specific instruments.

5.1 Systemic-level interventions for cluster development

These focus on refining the macro-environment governing enterprise and innovation dynamics.

- **Regulatory Streamlining.** Accelerating the reduction of administrative burdens and securing regulatory predictability are essential to stimulate collaborative initiatives and long-term investment cycles.

- **Institutional Trust.** Enhancing contract enforcement, intellectual property protections, and anti-corruption frameworks directly decreases the transaction costs of cooperation. In contrast, structural institutional weaknesses heavily deter firms from engaging in knowledge exchange and collective innovation networks.

- **Factor Conditions.** Prioritizing physical and digital infrastructure, widening access to finance, reducing energy vulnerabilities, and deepening international market connectivity collectively should establish the baseline conditions necessary for localized business specialization and cluster co-location

5.2 Framework-level interventions for cluster development

At this level, the core priority must shift from formal strategic recognition to the practical deployment of operational support instruments, neutralizing the current fragmentation.

- **Operational Coordination.** Strengthening policy execution requires structuring dedicated coordination mechanisms and defining explicit institutional roles across the economic, innovation, and regional policy spheres.

- **Incentivizing Networks.** Public support instruments should move from individual enterprise aid to funding multi-actor networks. Programs must prioritize business-to-business and business-to-academia consortiums, explicitly fostering the vertical integration of Moldovan SMEs into foreign corporate supply chains (Todorova, 2017).

- **Knowledge Commercialization.** Revitalizing the innovation ecosystem hinges on expanding collaborative research programs, innovation vouchers, and market-oriented R&D schemes. These tools are critical to facilitate technology transfer and catalyze innovation-led cluster development.

- **Human Capital Synergy.** Addressing talent shortages requires the structural alignment of educational curricula with priority sector demands. Fostering institutionalized private sector - academia feedback loops is essential to upgrade vocational skills and long-term ecosystem competitiveness.

5.3 Cluster-specific interventions via dedicated cluster programs

Maximizing policy impact requires deploying specialized operational micro-instruments directly targeting network dynamics.

- **National Program Deployment.** Adopting a National Cluster Development Program is crucial to establish clear funding mechanisms, eligibility rules, and monitoring metrics, mirroring successful European frameworks such as France's *Pôles de Compétitivité*, the German *Go-Cluster* initiative, Poland's *National Key Clusters* network, and Romania's structured cluster financing under its regional operational frameworks (ECCP, 2024).

- **Tailored Funding Instruments to de-risk cluster formation and scaling.** Introducing dedicated financial mechanisms, such as early-stage *soft-financing*

grants and co-matching funds for joint R&D projects, is essential to secure long-term cluster capitalization and development. Likewise, this could include the specialized *seed money* grants for embryonic initiatives, alongside multi-year co-investment schemes for established clusters to support shared R&D infrastructure and international marketing campaigns.

- **Cluster Management Capacity Building.** Public intervention must prioritize strengthening cluster governance and building professional management capacity. International experience suggests cluster professional management plays a critical role in mobilizing stakeholders, attracting investment, and ensuring the long-term sustainability of cluster initiatives (Ketels, 2012). Rather than relying on ad-hoc leadership, policies should subsidize training programs, mentoring schemes, certification mechanisms for cluster managers and cluster organizations, leveraging European and international standards.

- **International Networks and Global Value Chain Integration.** Public programs should financially incentivize domestic clusters to join transnational networks like Euroclusters and the European Cluster Collaboration Platform (ECCP), directly embedding local firms into global innovation ecosystems. Closer integration with European cluster collaboration platforms and smart specialization partnerships could significantly enhance the visibility and competitiveness of Moldovan clusters, accelerate knowledge absorption and integration into pan-European industrial consortia.

- **Evidence-Based Selection for Funding.** This must be guided by transparent, evidence-based criteria. Resource distribution should avoid sector picking, relying instead on rigorous baseline mapping, quantitative competitive-advantage metrics, and demonstrated triple-helix synergy. Such an approach would help concentrate limited public resources on Moldovan cluster initiatives with the greatest potential to contribute to productivity growth, innovation, and long-term economic competitiveness.

6. Conclusions

International experience reveals that cluster development could become an important tool for enhancing the competitiveness, innovation capacity and economic resilience of the Republic of Moldova. However, literature suggests that competitive clusters rarely emerge spontaneously as they are not just concentrations of firms, but collaborative ecosystems built on trust, innovation and effective institutional links. Although geographical concentrations of firms can develop through market forces, transforming such agglomerations into dynamic cluster ecosystems requires specific public policies, institutional support and incentive mechanisms.

This paper shows that while the Republic of Moldova has progressively integrated cluster development into its strategic and legislative agenda, a stark operational deficit persists. Our evaluation reveals that existing systemic and framework policies remain fragmented, favoring individual enterprise subsidies

over collective, network-based ecosystems. Furthermore, the lack of institutionalized domestic funding has left the national cluster architecture deeply fragmented and vulnerable, mainly relying on ad-hoc, donor-funded initiatives. Consequently, despite clear competitive potential in high-value sectors like ICT and automotive components, long-term cluster sustainability remains compromised.

To transition toward a self-sustaining national cluster landscape, Moldova must implement a synchronized, multi-level policy matrix. At the systemic level, interventions must secure regulatory predictability and strengthen institutional trust to lower inter-firm transaction costs. Framework policies should move from individual firm support toward incentivizing triple-helix consortiums, commercializing R&D, and aligning human capital with priority industrial demands. Furthermore, deploying targeted cluster-specific interventions, including the formal adoption of a National Cluster Development Program, specialized seed-money grants, and professionalized management structures – is imperative to transition local initiatives into competitive cluster networks integrated into global value chains. Ultimately, the development of clusters could thus contribute not only to the competitiveness of enterprises, but also to the broader objectives of economic modernization, regional development and integration of the Republic of Moldova into the EU.

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