

Should You Start Your AI Startup in Bulgaria? New Report Unveils €1.4 Billion in Venture Capital Available in 2025, as 100+ Bulgarian Companies Lead One of Web Summit's Largest Country Delegations

It's no longer just potential—Bulgaria is already building industry-defining innovation

Payhawk became Bulgaria's first unicorn in 2022. Later that year, INSAIT launched as Bulgaria's first truly world-class research institute, supported by both the Bulgarian government and companies like Google and AWS. To date, they've received over \$120 million in funding and attracted leading AI scientists such as Luc Van Gool to work in Bulgaria. Other success stories include Europe's fastest-growing spacetech company, EnduroSat, and Dronamics, the world's first cargo drone airline, with more than \$75 million in funding. In total, the Bulgarian ecosystem has been accelerating, with over \$1 billion invested in local startups in recent years.

Abundance of venture capital, maybe more than local startups can absorb

This emergence has been mirrored by available venture capital. According to *The Recursive's* "[State of AI in CEE](#)" report, which will be announced at Web Summit and published on November 12, more than €1.4 billion in venture capital funding is projected for local startups in 2025. This includes capital from Bulgaria-based venture funds, a new €500+ million allocation from Fund of Funds for new fund managers, and support from CEE-focused VCs investing in Bulgaria, like Digital East Fund, Credo Ventures, OTB Ventures, EBRD VC, Endeavor Catalyst, and 500 Emerging Europe. The number quoted above doesn't count the fact that Bulgaria has also drawn the attention of opportunistic Silicon Valley VCs, with local companies securing investment from Lightspeed Venture Partners, CRV, Sequoia Capital's Bogomil Balkansky, and others.

#BreakingGrounds: A united ecosystem and country brand

Building on these trends, the past two years have seen organized efforts to position Bulgaria internationally under the unified #BreakingGrounds brand, spearheaded by *The Recursive's* Storytelling Studio and supported by the *Bulgarian Small and Medium Enterprise Promotion Agency*.

By bringing local startups, VCs, high-growth IT companies, and government officials to 11 of Europe's largest tech conferences, [#BreakingGrounds](#) ensures that Bulgaria's achievements reach international stakeholders. [As reported by Tech.eu](#), #BreakingGround has introduced Bulgaria's ecosystem to over 250,000 international investors, founders, corporate innovators, and other stakeholders, opening new opportunities for the community.

At Web Summit 2024, Bulgaria will have one of the largest organized country delegations, with over 100 ecosystem stakeholders attending, including Konstantin Bezuhanov, founder of Evrotrust, one of Europe's fastest-growing digital identity startups; Nikola Stojanow, Partner at Vitosha Venture Partners, [Europe's](#)

[most active VC according to Sifted](#); and Boyko Takov, Executive Director at the Bulgarian SME Promotion Agency.

One of the co-founders of #BreakingGrounds Teodor Antonio Georgiev shares: *"Our mission at Web Summit is clear: to showcase Bulgaria as a deep tech hub and a leader in innovation across CEE. This is our second year here in Lisbon, and with over 100 delegates, Bulgaria's presence has grown to be one of the largest and most dynamic at the summit. Web Summit is the highlight of our annual program, offering an unmatched opportunity for Bulgarian companies to gain global exposure, connect with investors, and inspire partnerships that drive our ecosystem forward."*

Why build your startup in Bulgaria?

While success stories are rapidly increasing and investor interest is strong, the rate of high-quality startup creation still lags behind available venture capital. As a result, more Bulgarian-based VCs are investing in diaspora founders or even in businesses beyond their original investment theses. To bridge this gap, Bulgaria must focus on attracting global resources, networks, and talent.

This venture capital gap and growing investment supply make Bulgaria an appealing option for Western founders to establish businesses, leveraging the region's top-tier tech talent, cost-effective environment, and resilient, underdog culture—particularly valuable during economic downturns. Expatriate founder communities are also growing in Bulgaria and across the region.

Furthermore, Bulgaria's startup community is highly collaborative, with increasing initiatives such as Future Unicorns Accelerator, Endeavor, and BEX connecting the ecosystem with its powerful diaspora in Silicon Valley, the UK, and DACH. This includes partner and C-level leaders from Sequoia Capital, U.S. Venture Partners, J.P. Morgan Chase, Hubert Burda Media, and others.

From historical heritage to a tech hub, Bulgaria's journey reflects resilience and enterprise. Faced with resource constraints, the need for a strong network, and the challenge of global visibility, Bulgaria has pivoted toward building a globally recognized tech ecosystem, highlighting the national culture's resilience.

- **Entrepreneurial Drive:** Bulgaria ranks #1 in the EU for the percentage of young people aspiring to start their own business (Eurobarometer).
- **Startup Growth:** In the past five years, Bulgaria has seen a 100x increase in tech startup creation.
- **Capital Efficiency and Growth:** Eastern European startups exhibit 5.6x higher capital efficiency compared to their U.S. counterparts (McKinsey & Co). Since 2012, Southeast European startups have grown 49.9x in combined enterprise value, surpassing growth in neighboring CEE (9.1x) and Europe overall (12.1x), according to Dealroom.

For exclusive coverage of the 2024 State of AI in CEE report, the most comprehensive research ever done on the topic, exclusive interviews with the founders of the #BreakingGrounds initiative, or exclusive

comments from key Bulgarian founders and investors, please reach out to Etien Yovchev at etien@therecursive.com