

Fifth Eco Invest auction raises R\$ 50 billion — Bradesco takes half

The bank won three of the six innovation-related bids offered in the program, while Santander offered 20 times leverage in critical minerals.

Capital Reset
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The National Treasury announced this Wednesday (7th) the results of the fifth Eco Invest auction. The round will mobilize up to R\$ 49.95 billion in six production chains linked to innovation. Bradesco was the big winner: it took three of the six thematic funds, which total R\$ 28.5 billion in investment potential, or 57% of the total.

The federal government's program to attract foreign capital to green projects in Brazil operates in a model known as blended finance, in which subsidized public capital is used to reduce costs or mitigate risks, attracting private resources on a larger scale.

The Treasury will contribute R\$ 13.2 billion in catalytic capital, at a cost of 1% per year for banks: R\$ 9 billion for innovation funds to invest in companies (equity) and R\$ 4.2 billion for corporate credit.

The winning banks will have to raise the remaining R\$ 36.7 billion in private funds. The average leverage for this auction was 3.8 times, meaning that each real of public funds must attract, on average, R\$ 2.80 of private capital.

Demand from banks far exceeded supply. Six financial institutions submitted 23 proposals — if the Treasury accepted all offers, the total amount mobilized would be R\$ 181.3 billion. The advanced green fuels chain, biogas and biomethane, was the most contested, with R\$ 48.2 billion in demand and six proposals.

"This was a more difficult auction, with a more complex structure. We pushed it to the limit, forcing it to demand more counterparties and higher-risk investments," says Rogério Ceron, former Treasury Secretary and current Executive Secretary of the Ministry of Finance, to Reset. "We were prepared to have one or two empty funds. Everyone had at least two bids."

The fifth auction combined three instruments: innovation funds, corporate credit, and support for technology-based entrepreneurship. Each category had a single winner. Each fund receives R\$ 1.5 billion from the Treasury, with leverage of 1 to 2 times. In the credit category, the catalytic capital ranges from R\$ 100 million to R\$ 1 billion, with a minimum leverage of 3 times.

The winners must allocate at least 10% of the resources to projects with universities and Scientific, Technological and Innovation Institutions (ICTs) or to the acquisition of foreign technology-based companies. Proposals above this minimum were given an advantage. The same applied to those who offered more foreign capital, above the minimum of 15% and up to the limit of 45%.

Who took what?

Bradesco won in the green fertilizer, bio-inputs, and alternative protein supply chain, with a total potential investment of R\$ 9 billion. It also won biomaterials and green chemistry, with R\$ 8.5 billion, and circularity of mineral and industrial waste, with R\$ 11 billion — the latter being the largest category in the auction. Within this category, recycling and valorization of waste account for R\$ 8.8 billion.

Itaú won the bid for automation and artificial intelligence for production processes, with R\$ 9.75 billion. Santander secured critical minerals, batteries, and electric mobility, with R\$ 6.5 billion, of which R\$ 4.55 billion will go to batteries and energy storage. HSBC won in green fuels, with R\$ 5.2 billion allocated to SAF (sustainable aviation fuel) and biobunker (marine fuel).

Winning bids

Winning banks in the fifth auction of Eco Invest, with leverage and total capital mobilized

	Winning bank	Fund leverage (in times)	Credit leverage (in times)	Total mobilized (in R\$)
Advanced green fuels, biogas and biomethane	HSBC	2	7	5.2 bn
Green fertilizers, bioinputs and alternative proteins	Bradesco	2	4.5	9 bn
Biomaterials and green chemistry	Bradesco	2	4	8.5 bn
Processing of critical minerals, batteries and electric mobility	Santander	2	20	6.5 bn
Circularity of mineral waste and industrial inputs	Bradesco	2	6.5	11 bn
Automation and artificial intelligence for productive and technological processes	Itaú Unibanco	2	5.25	9.75 bn
TOTAL				49.95 bn

Source: National Treasury. Prepared by Reset.

The main selection criterion was leverage. All winners offered a maximum leverage of 2 times in innovation funds. The competition was decided in corporate credit. The most aggressive case was Santander, which offered leverage of 20 times in critical minerals, batteries, and energy storage — in this chain, the catalytic capital for credit was R\$100 million, not R\$1 billion as in other lines. The second-placed in this chain was Bradesco, with leverage of 6.25 times.

According to Ceron, the banks responded to the message from the fourth auction, when the Treasury "raised the bar" and did not accept bids with minimum leverage. "They understood that from now on it will be much more difficult to gain access," he says.

The executive secretary highlights the competition between the banks. Itaú had been the big winner of the third auction. In this bidding process, Bradesco competed for all lines "with great appetite." "There's a movement to not fall behind. And that's healthy," he states.

Banco do Brasil submitted proposals across all six categories and didn't win any. "Those with less ambition were left out of all of them. It's an important message," says Ceron.



One of the requirements demanded by the Treasury is that the winners allocate non-refundable funds to technology-based entrepreneurship projects, totaling R\$ 250 million. First year. Bradesco will contribute R\$ 142.5 million. Itaú will donate R\$ 48.8 million, Santander R\$ 32.5 million, and HSBC R\$ 26 million.

Bradesco's strategy

Bradesco was the only bank with proposals accepted in all five Treasury auctions.

The bank defined the proposals after mapping the pipeline of projects with clients and partners, according to Caio Andrade, head of ESG at Bradesco BBI. He says the bank also considered the final cost of the resources for the borrower. The Treasury loan, at 1% per year, is combined with funds raised at market rates.

"The more leveraged I am, the less competitive I will be on price," he says. "I have to consider up to what level of leverage I can offer a cost that will make the numbers work for my client, that will make that project viable."

In the credit sector, the bank is on familiar ground. Innovation funds, however, are "a different beast," says Andrade. Therefore, the asset manager Tivio, controlled by Bradesco, will lead the funds, which will make direct investments in companies. In this area, the bank also has advanced talks with asset managers such as KPTL and Finance in Motion, a German-based asset manager specializing in impact investing and green finance that is opening operations in Brazil.

Another path Bradesco is exploring is partnerships with corporate venture capital firms of clients or spin-offs of corporate projects. "From the beginning, we thought: this is an ecosystem game," he says.

Bradesco completed 100% of the disbursement for the first Eco Invest auction at the end of September. Itaú has also announced that it has finished allocating the resources from that round. "This shows that there is appetite, there is an appropriate price," says Fabiana Costa, Bradesco's sustainability superintendent.