



CHILE'S WORLD CLASS SUPPLIERS PROGRAMME

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Aims of the World class suppliers programme

- Strengthen innovation
- Increase collaboration between mining firms and suppliers





Timeline

- Created by BHP-Billiton in 2008
- Codelco joined in 2010
- Public sector support from 2011 (CORFO and Ministry of Mining)
- Tackling information asymmetries: challenges vs. suppliers (Fundación Chile, 2012)
- Antofagasta Minerals joined in 2014
- Roadmap outlining main challenges to the sector in medium to long term (2015)



Suppliers respond to mining firms' challenges

1. Mining firms: list of challenges
2. SMEs respond to these challenges
3. SMEs identify specific innovative solutions
4. Scaling up: competition on international markets





Examples of projects funded

Year	Investment (000 US\$)	Challenge	Response
2009-10	150-250	Tire maintenance	Increased lifespan of tires by 48%
2010-11	150-250	Communication failures	Higher levels of signal to ensure wireless links
2010-11	150-250	Variability in irrigation system during leaching	Stable irrigation programme (< 1% standard deviation)
2011-13	250-550	Suboptimal lifespan of cables	Increased performance of two types of cables

Source: Fundación Chile, cited in Navarro (2016)



Lessons learned: positives

- Clear aims
- Win-win-win
- Increase in innovation has + spillovers
- Responds to real market failures:
 - Sub-optimal innovation investment
 - Lack of venture capital in the sector
 - “Distance” between suppliers and mining firms
- Private sector “nudging” public sector involvement



Lessons learned: challenges

- Overly ambitious?
 - Economic impact: small
 - Increase in no. of firms may not increase results
 - Incentives no longer aligned when suppliers scale-up
- Too soon to tell?



Mining for inclusive growth



<http://oe.cd/raw-materials>

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