

Public Procurement Review of Mexico's PEMEX: Adapting to Change in the Oil Industry

In an economic environment characterised by historically low oil prices, oil and gas companies such as *Petróleos Mexicanos* (PEMEX) face tremendous challenges in maintaining and improving their productivity. In a sector where 40 cents of every dollar earned is spent on raw materials and services, procurement systems are central to a company's competitiveness. Alongside strategies to maximise value creation, procurement frameworks are needed to safeguard the company from mismanagement and corruption. Furthermore, fierce competition among international oil companies requires flexible and agile frameworks to unlock the innovation potential of the market and develop sustainable and strategic alliances.

The OECD was invited by PEMEX to review the governance and effectiveness of the recently adopted procurement structure (*Procura*) in light of good international practices. The reform of PEMEX's procurement function follows Mexico's 2013 Energy Reform, which opened up the state-controlled oil and gas sector to competition and changed the objective of PEMEX towards the creation of value. As a result, the company's procurement function went from a decentralised to a centralised structure to maximise its purchasing power, develop a homogeneous process, facilitate planning, advance the professionalisation of the procurement workforce, and implement a comprehensive supplier management framework.

This review assesses the alignment of different, yet complementary, dimensions of PEMEX procurement, such as organisations, strategies, people and tools in key areas from governance to integrity and procurement strategies, including supplier relationships.

Fast Facts

Country: Mexico

Timeframe: 2015 – 2017

Counterparts:

- PEMEX (*Petróleos Mexicanos*)

Areas of focus:

- Public procurement
- Transparency and integrity
- Risk management
- E-procurement
- Professionalisation of the procurement workforce
- Efficiency
- Supplier relationships

List of Deliverables

- Public Procurement Review
- Two workshops on transparency and integrity in public procurement

Timeline

- **2-3 February 2016** Workshop on Transparency and Integrity in Public Procurement (Mexico City)
- **4-5 February 2016** Workshop on Transparency and Integrity in Public Procurement (Villahermosa, Tabasco)
- **11 January 2017** Launching of the Public Procurement Review

Content of the project

The project supports the process of reform of the procurement function of PEMEX, from a decentralised to a centralised scheme, focused on creating value.

Component 1 – Public Procurement Review

PEMEX's procurement system was overhauled after Mexico's 2013 Energy Reform opened up the sector to private participation, requiring PEMEX to compete in an open market. Using the 2015 *Recommendation of the OECD Council on Public Procurement* as a benchmark, the review assesses the effectiveness and integrity of PEMEX's entire procurement system while identifying a series of actions for improvement. A state-of-the-art procurement system will not only help PEMEX achieve value for money on a sustainable basis, but also support other social and environmental policy objectives in Mexico.

Component 2 – Workshops on Transparency and Integrity in Public Procurement

The objectives of the two workshops were discussing the initiatives taken by PEMEX to foster transparency, integrity, and accountability in its procurement operations; sharing international good practices on selected public sector integrity topics from other OECD member and partner countries that are pertinent to the challenges being faced by PEMEX; identifying opportunity areas to address such challenges; and sharing relevant OECD analytical frameworks and instruments on public sector integrity.

Outputs and resources

- [*Public Procurement Review of Mexico's PEMEX: Adapting to Change in the Oil Industry*](#)
- [*OECD Recommendation of the Council on Public Procurement*](#)
- [*OECD Recommendation of the Council on Public Integrity*](#)