



INTERNAL AUDIT DIVISION

REPORT 2022/015

Audit of the SheTrades Commonwealth Programme at the International Trade Centre

Programme activities were successfully delivered but the large number of beneficiaries diluted their impact and made it challenging to adequately vet applicants and validate some performance indicators

20 May 2022

Assignment No. AE2021-350-01

Audit of the SheTrades Commonwealth Programme at the International Trade Centre

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the SheTrades Commonwealth Programme at the International Trade Centre (ITC). The objective of the audit was to assess the effectiveness of the management process established by ITC to achieve the intended outcomes of the SheTrades Commonwealth Programme. The audit covered the whole term of the Programme from initial planning in early 2018 to the end of the Programme in March 2021. Based on an activity-level risk assessment, the audit reviewed processes, actions and structures designed to address the project risks.

The audit showed that a robust plan and implementation structure was in place and programme activities were successfully delivered. However, the large number of beneficiaries may have diluted the impact of Programme's interventions and made it challenging to adequately vet applicants and validate some performance indicators.

OIOS made four recommendations. To address issues identified in the audit, ITC needed to:

- Use lessons learned from the SheTrades Commonwealth Programme to help guide future programmes on the need to define the parameters of target beneficiaries in sufficient detail to optimize the alignment between acceptance into the Programme and achievement of identified outcomes;
- Ensure that where applicants are required to meet specific parameters to participate in a programme's activities, adequate arrangements and resources are put in place to effectively vet the applicants and maintain the registration database;
- Ensure that unless metrics used for performance reporting are accurate and verifiable, they should only be reported with significant accompanying caveats which allow users to understand the level of uncertainty in the figures; and
- Ensure that programmes with large volume of procurement consult with the Procurement Unit in advance to develop procurement plans and strategies as appropriate.

ITC accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of the SheTrades Commonwealth Programme at the International Trade Centre

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the SheTrades Commonwealth Programme at the International Trade Centre (ITC).

2. ITC is a technical cooperation agency jointly funded by the United Nations Conference on Trade and Development and the World Trade Organization to stimulate exports by small and medium-sized enterprises (SMEs) in developing countries and countries with economies in transition. ITC also receives extra-budgetary funding from donors, some of which is earmarked for specific programmes and projects.

3. The SheTrades Commonwealth Programme (hereafter referred to as “the Programme”) is one of a group of programmes implemented under the SheTrades initiative. The SheTrades initiative evolved from the Women in Trade Programme in 2017 and involves interventions in a wide number of countries. The business case for the Programme was accepted by the United Kingdom government at the end of February 2018 and the agreement between ITC and the United Kingdom Department for International Development to fund the Programme was signed on 30 April 2018.

4. The Programme aims to support economic growth and job creation in commonwealth countries through the increased participation of women-owned businesses in trade, with a specific focus on Bangladesh, Ghana, Kenya and Nigeria. The Programme aims at building the competitiveness of women-owned businesses, cooperatives and associations through training, coaching, and mentoring and by assisting in connecting them to markets. To deliver this support, the Programme works with Business Support Organizations active in the target sectors as well as with private sector partners involving them as buyers, investors, and enablers of women entrepreneurs. The Programme works with governments to encourage the development of regulations and policies which will reduce the barriers to women-owned businesses becoming involved in international trade.

5. The Programme’s outcome targets included: (i) 1,000 women-owned businesses meeting buyers and/or investors and transacting business; (ii) £28 million (\$40 million) of business and investment transacted in international value chains through project support; (iii) 500 new jobs created in women-owned businesses through project support; and (iv) 60 per cent of the jobs created held by women. By March 2021, the Programme reported that through its interventions: 1,224 women-owned businesses had met with buyers; £32.4 million (\$46 million) of sales had been made; and 6,649 new jobs had been created of which 74 per cent had been held by women.

6. The Programme had a budget of \$13.55 million over three years from 2018 to 2021. The initial budget was \$9.05 million until 31 March 2020 and a one-year extension was granted to 31 March 2021 with an additional budget of \$4.5 million. A further extension of the Programme to implement the policy phase was funded with \$670,000 until 31 March 2022.

7. The Programme falls under the overall supervision of the Chief, Sustainable and Inclusive Value Chains and the direct supervision of a Senior Programme Manager. It engaged 10 staff at headquarters and 16 field staff.

8. Comments provided by ITC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess the effectiveness of the management process established by ITC to achieve the intended outcomes of the SheTrades Commonwealth Programme.

10. This audit was included in the 2021 risk-based work plan of OIOS due to risks associated with planning and implementing a large programme in a relatively short period.

11. OIOS conducted this audit from August to December 2021. The audit covered the whole term of the Programme from initial planning in early 2018 to the end of the extension of the Programme in March 2021. Based on an activity-level risk assessment, the audit reviewed processes, actions and structures designed to address the project risks. Specifically, the audit reviewed the achievement of the following performance expectations: (a) development and articulation of a clear understanding of the desired programme outcomes; (b) production of a programme plan designed to minimize the risk of not achieving desired outcomes and amendment of the plan as required as the programme evolved; (c) effective implementation of the plan; and (d) reporting the results and outcomes of the programme to stakeholders clearly and accurately in a timely manner.

12. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) sample testing.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Programme design and planning

A robust plan and implementation structure was put in place

14. The implementation structure was robust comprising: (i) headquarters staff working full or part time on the project; (ii) academy colleagues providing e-learning activities; (iii) in country national coordinators in each of the four countries; (iv) in country sector specialists working with the national coordinators and sector associations to mobilize women entrepreneurs and support their participation in the project; (v) international sector specialists; (vi) partners, Business Support Organizations and private sector entities providing support to women entrepreneurs to participate in the project; and (vii) an Advisory Board comprising key commonwealth countries monitoring cross commonwealth activities.

15. The logical framework (log frame) was well developed with appropriate assumptions, outputs, performance indicators and programme outcomes and was incorporated in the Programme plan. The Programme plan identified the objectives, outputs and activities and provided a detailed analysis of the overall budget against these individual activities. The risk management matrix was comprehensive and as more risks became apparent, they were added to the matrix. The risk matrix initially addressed 18 individual risks, but further risk identification increased this to 26 individual risks including three new risks associated with the COVID-19 pandemic.

Need to ensure that the target beneficiaries are well-defined and aligned to Programme objectives

16. The Programme operated on the basis that assisting female entrepreneurs to engage in international trade would result in more opportunities for women to become involved in trade, and successful women

entrepreneurs would employ more women. “Women entrepreneur” was defined as “30 per cent women-owned, managed and controlled”. This was based on ITC definition of women-owned business which is similar to the definition in the International Women Association (IWA) 34:2021 developed in 2020 through ITC collaboration with the International Standards Organisation (ISO) and the Swedish Standards Institute.

17. The definition of a women-owned business in IWA 34:2021 is a business: (i) that is more than 50 per cent owned by one or more women, (ii) whose management and control lie with one or more woman, (iii) where a woman is a signatory of the business’s legal documents and financial accounts, and (iv) which is operated independently from businesses that are not owned by women. The definition adopted by ITC predates IWA 34:2021 but is the same with the exception of the ownership threshold. The ITC definition uses a lower threshold of “a business that is at least 25 per cent owned by one or more woman” instead of the 50 per cent threshold used in IWA 34:2021. The definition provides minimum criteria for defining a women-owned business. OIOS expects a project or programme to adopt an ownership threshold and other criteria for accepting businesses into the programme that closely aligns with its objectives.

18. The Programme’s decision to use a threshold of 30 per cent implies a choice to provide broad assistance to many beneficiaries rather than more focused assistance to a few beneficiaries. A total of 4,709 businesses registered to join the Programme and 2,258 were accepted according to the Master Business Generation spreadsheet. The larger the number of beneficiaries, the fewer resources that can be allocated to any individual business. For example, of the 247 businesses that attended trade fairs, only 29 reported sales over \$100,000 and only 167 reported sales over \$2,000. The majority of the beneficiaries who were supported reported no international sales. According to the log frame, the assumption was that the women-owned-businesses were at a level of competitiveness where project support will be sufficient to enable them to trade within the life of the project. Reducing the number of beneficiaries and introducing more stringent criteria may have allowed project staff to identify those businesses with most chance of success, providing a higher success rate for trade fair visits.

19. Further, the definition of a women-owned-business suggests that all four thresholds relating to ownership, management and control that are stipulated in the definition must be met for a business to be classified as a women-owned business. However, in practice for this Programme the ‘30 per cent owned, managed and controlled’ was treated as a single parameter. The guidance given to staff verifying the applications for registration to the Programme did not go any further in telling them how to aggregate the ownership, management and control to come up with a figure of 30 per cent. This meant that there was a risk of businesses which could not be classified as being owned by women entrepreneurs being included in the Programme.

20. For example, 24 foreign-owned companies were accepted in the Programme on a case-by-case basis. Foreign-owned companies may not meet the criteria of being “operated independently from businesses that are not owned by women” (fourth criteria in the definition of women-owned business). ITC may therefore be using its limited resources to benefit companies which have the resources to increase their international trade themselves and/or have a competitive advantage compared to the smaller locally owned firms that ITC is seeking to assist. Also, ITC aims to assist SMEs but two of the businesses accepted into the Programme indicated they had more than 250 staff which is beyond the upper limit of what is regarded as a SME around the world.

21. Defining the intended beneficiary of a programme in a way which emphasizes the desired outcome of the programme may result in fewer businesses being assisted but more female entrepreneurs actually being supported into international trade. Irrespective of the breadth of the definition, it should be such that it answers the question ‘What are we looking for in a business to maximize the chance of it supporting achievement of the Programme outcome?’ This is a complex question, and it is unlikely that it can be defined down to a single phrase such as “30 per cent women owned, managed and controlled’ that was used

in vetting the businesses. OIOS is of the view that ITC needs to draw appropriate lessons learned from the Programme's experience to help inform decisions and discussions with donors on the design of similar projects/programmes in the future.

- (1) ITC should use lessons learned from the SheTrades Commonwealth Programme to help guide future programmes on the need to define the parameters of target beneficiaries in sufficient detail to optimize the alignment between acceptance into the Programme and achievement of identified outcomes.**

ITC accepted recommendation 1 and stated that the definition related to target beneficiaries has been refined and accepted during extensive consultations during the Programme, including specific collaboration with the Swedish Institute of Standards. A woman-owned business is defined as at least 25 per cent owned by one or more women, whose management and control lie with one or more women, which has at least one third of the board of directors comprised of women, where a board exists, where a woman is a signatory of the business's legal documents and financial accounts, and which is operated independently from businesses that are neither led nor owned by women. This definition is being applied to new projects as well as across ITC as part of its corporate mainstreaming policy.

B. Programme implementation, monitoring and reporting

The verification process for women-owned businesses needs to be strengthened

22. The Programme had several tools for planning, recording and monitoring its implementation. This included: (a) the Converve database to register beneficiaries and collect key data that described their business; (b) the Master Business Generation Activities spreadsheet to collect data on all activities which were specifically aimed at business generation; (c) "SheTrades Outlook on Trade and Gender"- an online tool used to measure how inclusive an economy is for women to trade; and (d) detailed budgets and a granular expense tracking spreadsheet for financial monitoring.

23. In the registration process, beneficiaries were required to provide data about their business to allow Programme staff to identify issues which would preclude their involvement although it was not very clear what these parameters were. The Programme made the decision that applicants would be able to enter and amend their details in the Converve database and that Programme staff would not have access to do this. This meant that when staff identified obvious errors in the data, they had to revert to the applicant to correct the information. If the applicant was not inclined or was unable to do this, the data remained uncorrected.

24. Some of the data entered by businesses registering for the Programme were internally inconsistent or questionable. For instance: (i) one business indicated it had 70 women in a staff of 8; (ii) two businesses had two employees but indicated they had a turnover of between \$1 million and \$10 million; (iii) one business which was selected for some trade fairs, had over 100 employees but turnover between \$10,000 and \$100,000; (iv) five businesses accepted into the Programme reported current sales of over \$100 million and a further 20 businesses reported current sales of between \$10 million and \$100 million; and (v) one business indicated it had almost 4,500 employees and annual sales of up to \$100,000. According to its website, this business's annual turnover is \$58 million with several international clients.

25. A reasonable level of scepticism should have been applied to the information provided by potential beneficiaries, and when there was uncertainty, project staff should have reverted to the business to clarify the information. ITC explained that additional verifications took place for specific high-value activities such as trade fairs. However, these additional verifications were based on criteria that focused more on

whether a business was a good fit for the activity and not necessarily validation of the baseline information provided at time of registration.

26. Programme management advised that with almost 5,000 SME entries on the registration platform, and a total of over 25,000 data points, the project team was not able to verify every data point and focused on verifying whether businesses met the "30 per cent owned, managed and controlled" threshold". It may be useful in a programme where large numbers of beneficiaries are sought, to clearly define a tiered approach, with little verification for businesses to join the programme and then increasing levels of scrutiny as businesses access more and more programme services such as face-to-face training, business plan preparation and trade fair participation. This would mean that few resources would be used to verify peripheral participants and significant resources would only be applied to those business which have been fully verified and which have been judged to have the potential for supporting programme outcomes.

(2) ITC should ensure that where applicants are required to meet specific parameters to participate in a programme's activities, adequate arrangements and resources are put in place to effectively vet the applicants and maintain the registration database.

ITC accepted recommendation 2 and stated that the Programme was set very high quantitative targets by the donor, to reach 3,000 women owned businesses across four countries. The report justifiably raises challenges with the resources required to vet such a high number of applicants in a comprehensive way, which would prevent the project working at scale and limit potential impact. The project approach was to maintain a transparent database of companies. Following an initial verification process, all companies were given access to online services which incurred no additional cost. An additional verification took place for face to face and other higher cost activities. The report's recommendation on defining more clearly tiers of beneficiaries who are subject to different levels of verification is noted. For future project implementation the Programme will apply these tiers to the verification process.

Programme activities were well-implemented and modified with the advent of COVID-19

27. The Programme initiated many activities which have all been important in improving opportunities for beneficiary companies to trade. Many businesses reported improvements to their operations arising from their participation in the Programme and many businesses met with potential international customers. Governments, Business Support Organizations and private sector partners were cooperative and indicated a willingness to work towards making international trade by women entrepreneurs more accessible.

28. The restrictions that were brought about by the COVID-19 pandemic meant that many of the planned activities of the Programme could not be undertaken. ITC demonstrated flexibility in both the delivery of the Programme and in developing training programmes to allow beneficiaries and Business Support Organizations to operate safely on a pandemic environment. ITC developed a COVID-19 Toolkit to support entrepreneurs with managing the crisis and building resilience into their businesses. This included a Crisis Management Toolkit to support businesses with effective decision-making during crises, a risk assessment toolkit to support entrepreneurs with conducting risk analyses of their businesses; and additional resources consisting of relevant webinars, standard business strategy templates, and useful links.

29. In addition, ITC created a series of five webinars on providing advice on such things as thinking strategically in times of adversity, leadership in moments of crisis, global marketing in moments of crisis and supply chain challenges. ITC also provided advice to business in the apparel industry to transition into manufacturing personal protective equipment (PPE). The Programme monitored the impact of COVID-19 on beneficiaries and Business Support Organizations and prepared a revised risk matrix and log frame taking into account the known impacts of COVID-19.

30. Overall, the Programme appears to have been successful at undertaking activities and delivering expected outputs. The upcoming evaluation of the overall SheTrades initiative will consider the extent to which expected outcomes have been achieved.

Quarterly reporting and monitoring were properly done

31. The four areas of programme activity – influencing governments; enhancing Business Support Organisations; improving the capacity of women-owned businesses; and working with partners to improve the accessibility of international trade - were all reviewed and reported on a quarterly basis. Much of the content of these reports was anecdotal and provided reassurance to the donor that its funds were being applied to the expected activities and that these activities were having a positive impact upon the ability of women entrepreneurs to engage in international trade.

32. The format of the reports was appropriately aligned to the log frame and provided quarterly and cumulative data on the various performance indicators. Descriptions were provided of the steps taken and proposed by governments that, if sincerely implemented, would remove some barriers for women entrepreneurs and encourage them to enter the international market. Likewise, the reports described how the Programme trained Business Support Organizations' staff to deal with the difficulties of international trade and how these staff then ran courses for the Business Support Organizations' members. The reports also detailed instances of work with large private sector partners who agreed to work with or train or mentor programme beneficiaries and instances where beneficiaries agreed to adopt new business practices to make their operations more user-friendly to female entrepreneurs to do business with.

33. With regard to capacity and trade-building activities with individual women-owned businesses, the quarterly reports provided similar descriptions of activity and anecdotal information about the response of some businesses to these activities in terms of changed practices or trading initiatives. The Programme went further and attempted to quantify the amount of trade that was generated as a result of Programme activity in the form of sales leads and actual sales and jobs that were created. The evidence used to determine these figures was not convincing as discussed below.

Challenges in validating the figures for sales, leads and jobs affected reliability of numbers reported

34. In accordance with the Programme's log frame, sales made and jobs created were two of the key performance indicators used to illustrate the success of the Programme at the outcome level. The March 2021 Quarterly Report states that the 'Value of business and investment transacted in international value chains through project support' is Leads of £199,765,750 (\$285 million) and Sales of £32,428,785 (\$46 million). This is the cumulative value for the Programme as of March 2021. The report also indicates that a cumulative total of 6,649 jobs were created of which 73 per cent were jobs held by women.

35. At the end of the March 2021 quarterly report there is a discussion of the challenges around obtaining accurate sales figures due to factors such as many women reporting sales in their own currency and not in dollars; lack of responsiveness to emails requesting updates; and big numbers given through online surveys. The March 2021 report goes on to state that to mitigate these challenges, field staff engaged in following-up via one-on-one phone calls, which proved to be the most effective way to compile results, despite being time-consuming. The report acknowledges that as a lesson learned the quality assurance for a programme with such a large level of activities and results needed more investment towards field staff time and resources.

36. OIOS' review of the quarterly reports and the data in the Master Business Generation Activities spreadsheet which was used to accumulate the sales figures identified some shortcomings and questionable figures as discussed below.

(a) In the final evaluation process, businesses were asked to provide a figure for their total sales over the period of the programme. The total of sales they had already reported was then subtracted from this to provide a figure for sales that had not been reported. Where a business reported a total sales figure which was less than the sales already reported, this was ignored. There were 85 businesses which reported total sales attributable to their participation in the Programme that was less than the sales that had already been reported for these businesses. If adjustments had been made to reduce the total sales in accordance with the final figures reported, the sales from the final round of evaluation would have been reduced by approximately \$4.16 million.

(b) Sales figures included \$9 million that were extrapolated at the end of Phase I. The methodology for this was discussed in the Monitoring and Evaluation Methodology document. Extrapolation of an outcome for a population of widely disparate businesses selling different goods and services, even within the same sector and the same country, is not sound. These businesses may have responded in vastly different ways to the capacity building and marketing opportunities that were afforded to them and the market itself may be in need of one product over another. Even where businesses are providing similar products or services, the fact that business "A" has made sales may actually mean that other businesses have less chances of making sales because business "A" has taken a portion of the available market.

(c) Sales reported included \$230,000 from 28 companies whose application to join the Programme were rejected, and another \$161,000 from 13 companies whose status in the Conserve database was 'on hold'. Programme management stated that some companies were not accepted but took part in Programme activities because they had already joined the programme prior to the establishment of the project platform. The fact that they were not officially part of the Programme makes the link between their reported sales and Programme activities tenuous; excluding them in the final tally would have been prudent.

(d) The final quarterly report on the Programme discusses monitoring and evaluation and cites two examples after a post quality assurance process where attribution remained unclear despite field staff quality assurance. In the final evaluation, the three largest sales totalling \$8.5 million were discounted because they did not appear to be realistic. These sales represented a significant overstatement, and while they were reviewed, it is not clear how many of the lesser sales were subject to this extra review process which identified these overstatement errors.

(e) A company (B) ran a shea butter training course on behalf of the Programme around northern Ghana and reporting from the training company appeared to indicate that \$1.8 million in sales had arisen due to this training. Company B's report on the training indicates that this was a two-day programme and was presented in 14 locations between 1 and 20 February 2021 to a total of 212 participants and producers of shea butter. The reported increase in sales occurred less than six weeks after the end of the training. The Programme accepted the reported sales figure and included it in total sales. Assigning this degree of immediate success to a two-day training programme seems somewhat optimistic and should not have been accepted without clarification. An updated report from the training company received in November 2021, eight months after the original report, makes it clear that the sales figures initially provided to ITC were the existing total sales for the groups which participated in the training, not increases arising from the training.

37. Similarly, figures reported for jobs created may be inaccurate. In the evaluation process some businesses entered the total number of staff they had rather than new staff and there may be instances where this was not picked up. One Bangladesh IT business reported 46 new jobs, 13 of whom were held by

women. This business did not attend any of the Business to Business (B2B) events and appears to have attended four training sessions. It did not report any new sales in any evaluation process.

38. Further, although “leads” was not a performance indicator in the log frame, it was de facto reported as such in the quarterly reports and given equal standing with the sales figures. The Programme’s monitoring and evaluation methodology defines ‘leads’ as “formal intent to purchase expressed by a buyer and reported by a company. In a programme with such a large number of beneficiaries where it was not feasible to verify potential leads, the dollar value of leads is a measure of no discernible value as an indicator of success. Analysis of data up until February 2021 indicates that the conversion rate of leads into sales was around 8 per cent in total and the correlation between leads and sales was low (0.09) which means there was no discernible link between leads and sales. In number terms, \$35 million of leads reported by 137 businesses appear to have resulted in zero sales. Of the 3,719 leads reported resulting from trade fairs, only 248 resulted in reported sales. The correlation between leads and sales, for leads reported before August 2019 (prior to the COVID-19 pandemic), was only marginally stronger with a coefficient of 0.15.

39. With the large number of beneficiaries, ITC appears to have underestimated the inherent risks of businesses making errors in their reports or overstating the level of sales, leads and jobs. Obtaining accurate figures for sales made by beneficiaries of the Programme arising directly from Programme activities, and jobs created, would require face to face discussion with the businesses and review of documents supporting those sales and jobs. There were 667 companies that reported sales. Having in-depth discussions to verify sales would draw significant resources away from conducting the work of the programme. Alternatively, the programme could report sales, leads and jobs figures with significant caveats, explaining that they are unaudited figures and may not be reliable. A third alternative would be not to include these outcome measures and rely instead on anecdotal reporting of fully validated success stories.

(3) ITC should ensure that unless metrics used for performance reporting are accurate and verifiable, they should only be reported with significant accompanying caveats which allow users to understand the level of uncertainty in the figures.

ITC accepted recommendation 3 and stated that the project monitoring methodology lays out the approach to collection of outcome results including sales generation. This methodology was developed in consultation with and agreed with the donor. Quarterly reporting then included details on specific surveys conducted and assessments made by the project team, as well as acknowledging challenges associated with collecting data across a large beneficiary group. The project mitigated these challenges with specific quality assurance and follow up by field staff, including interviews conducted with outlier reporting which resulted in a number of sales reports being rejected or reduced. Where there was a lack of certainty, this was illustrated in the quarterly reporting. Overall, the Programme will review the approach to resourcing of large programmes to include, where possible and budget allows, a larger monitoring contingent to enable greater levels of follow up with beneficiaries. Recommendations on how to report sales are also noted and appreciated.

Need to strengthen procurement planning

40. ITC allows programme managers to approve expenditure of \$10,000 or less but anything over that amount must go through the Procurement Unit for more formal methods of solicitation. The only exception is Trade Fair exhibition fees which do not need to go through the formal procurement process unless the cost is over \$75,000.

41. OIOS noted one instance where invoice and purchase orders appear to have been split to remain under the \$10,000 threshold for low-value procurement. Two purchase orders were issued to the same company on 28 March 2019, and both were for \$9,900 and sole sourced and were signed by the same

person. Both invoices had the same invoice number and one related to technical training for SMEs in Ghana and Nigeria, and the other to business-to-business sessions for SMEs in Ghana and Nigeria. These were similar procurement needs being sole sourced from the same vendor at the same time and should have been consolidated. They should not have been procured as low-value procurement since the consolidated value was above the \$10,000 threshold.

42. On 13 September 2018, programme management requested a waiver of competition for an amount of \$85,000 for the exhibition fees to attend Coterie 2018 which was starting two days later (on 15 September 2018). This was the fourth time ITC had sent vendors to this trade fair and the timing and approximate cost would have been known months in advance as would the requirement to obtain appropriate approvals. Failing to plan for a procurement such as this results in a fait accompli for procurement and invites avoidance of due process. Programme management advised that this case was done when the project had just completed its inception phase. They indicated that after this case, a review took place leading to several improvements in process and a stronger understanding of requirements.

43. The largest contract awarded by the Programme was for approximately \$475,000 relating to export market training services. No anomalies were noted in the procurement process but there were some delays in engaging the vendor which contributed to a reduction in the implementation period. Beneficiaries' participation in trade fairs was the next major procurement related expense. These were sole-source procurement since there was only one vendor and ITC must accept the fee charged by the vendor. In its various programmes ITC attends each iteration of some of these major fairs, such as NYNow, a biannual fashion trade fair. Based on its frequent sponsorship of multiple attendees to these fairs, ITC should consider attempting to negotiate a lower fee for attending some of the large trade fairs.

44. The above show the need to strengthen procurement planning and strategies for programmes that have large procurement component. There is need for the programme to consult with the Procurement Unit in advance to facilitate the development of effective procurement plans and strategies.

(4) ITC should ensure that programmes with large volume of procurement consult with the Procurement Unit in advance to develop procurement plans and strategies as appropriate.

ITC accepted recommendation 4 and stated that the points raised are well noted. The challenges raised in the report relate largely to the specific context in which the project was operating at the time - the team was still being recruited and established. A comprehensive review was conducted by the project team alongside the procurement team and processes were made clearer, more robust and more streamlined. This in turn has provided valuable lessons for future project implementation. The Programme will conduct consultations with ITC Procurement Unit before kick-off of new projects.

IV. ACKNOWLEDGEMENT

45. OIOS wishes to express its appreciation to the management and staff of ITC for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the SheTrades Commonwealth Programme at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ITC should use lessons learned from the SheTrades Commonwealth Programme to help guide future programmes on the need to define the parameters of target beneficiaries in sufficient detail to optimize the alignment between acceptance into the Programme and achievement of identified outcomes.	Important	O	Receipt of evidence that ITC has identified lessons that could be learned to help inform the definition of parameters of target beneficiaries in future programmed/projects.	30 June 2022
2	ITC should ensure that where applicants are required to meet specific parameters to participate in a programme's activities, adequate arrangements and resources are put in place to effectively vet the applicants and maintain the registration database.	Important	O	Receipt of details of actions taken to ensure that new programmes/projects put in place adequate arrangements and resources for vetting businesses applying to participate in the programme and maintaining the registration database.	30 June 2022
3	ITC should ensure that unless metrics used for performance reporting are accurate and verifiable, they should only be reported with significant accompanying caveats which allow users to understand the level of uncertainty in the figures.	Important	O	Receipt of evidence that the Programme has, as part of its lessons learned exercise, reviewed the approach to designing and resourcing large programmes with a view to ensuring that metrics selected for performance reporting are accurate and verifiable.	31 May 2022
4	ITC should ensure that programmes with large volume of procurement consult with the Procurement Unit in advance to develop procurement plans and strategies as appropriate	Important	O	Receipt of evidence that ITC has established a requirement for projects and programmes with large volume of procurement to consult with the Procurement Unit in advance in order to develop procurement plans and strategies as appropriate.	31 May 2022

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by ITC in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the SheTrades Commonwealth Programme at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ITC should use lessons learned from the SheTrades Commonwealth Programme to help guide future programmes on the need to define the parameters of target beneficiaries in sufficient detail to optimize the alignment between acceptance into the Programme and achievement of identified outcomes.	Important	Yes	Senior Programme Officer, SIVC	31 June 2022	<p>The definition related to target beneficiaries has been refined and accepted during extensive consultations during SheTrades Commonwealth, including specific collaboration with the Swedish Institute of Standards.</p> <p>A woman-led business is defined as at least 25 % owned by one or more women, whose management and control lie with one or more women, which has at least one third of the board of directors comprised of women, where a board exists, where a woman is a signatory of the business's legal documents and financial accounts, and which is operated independently from businesses that are neither led nor owned by women</p> <p>This definition is being applied to new projects within SIVC as well as across ITC as part of its corporate mainstreaming policy.</p>

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of the SheTrades Commonwealth Programme at the International Trade Centre

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	ITC should ensure that where applicants are required to meet specific parameters to participate in a programme's activities, adequate arrangements and resources are put in place to effectively vet the applicants and maintain the registration database.	Important	Yes	Senior Programme Officer, SIVC	31 June 2022	<p>SheTrades Commonwealth was set very high quantitative targets by the donor, to reach 3000 women owned businesses across 4 countries. The report justifiably raises challenges with the resources required to vet such a high number of applicants in a comprehensive way, which would prevent the project working at scale and limit potential impact. The project approach was to maintain a transparent database of companies. Following an initial verification process, all companies were given access to online services which incurred no additional cost. An additional verification took place for face to face and other higher cost activities.</p> <p>The report's recommendation on defining more clearly tiers of beneficiaries who are subject to different levels of verification is noted. For future project implementation SheTrades will apply these tiers to the verification process.</p>
3	ITC should ensure that unless metrics used for performance reporting are accurate and verifiable, they should only be reported with significant accompanying caveats	Important	Yes	Senior Programme Officer, SIVC	31 May 2022	The project monitoring methodology lays out the approach to collection of outcome results including sales generation. This methodology was developed in consultation with and

Management Response

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	which allow users to understand the level of uncertainty in the figures.					<p>agreed with the donor. Quarterly reporting then included details on specific surveys conducted and assessments made by the project team, as well as acknowledging challenges associated with collecting data across a large beneficiary group.</p> <p>The project mitigated these challenges with specific quality assurance and follow up by field staff, including interviews conducted with outlier reporting which resulted in a number of sales reports being rejected or reduced. Where there was a lack of certainty, this was illustrated in the quarterly reporting.</p> <p>Overall, SheTrades will review the approach to resourcing of large programmes to include, where possible and budget allows, a larger monitoring contingent to enable greater levels of follow up with beneficiaries. Recommendations on how to report sales are also noted and appreciated.</p>
4	ITC should ensure that programmes with large volume of procurement consult with the Procurement Unit in advance to develop procurement plans and strategies as appropriate	Important	Yes	Senior Programme Officer, SIVC	31 May 2022	The points raised by the audit are well noted. The challenges raised in the report relate largely to the specific context in which the project was operating at the time - the team was

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						<p>still being recruited and established. A comprehensive review was conducted by the project team alongside the procurement team and processes were made clearer, more robust and more streamlined. This in turn has provided valuable lessons for future project implementation.</p> <p>SheTrades will conduct consultations with ITC Procurement before kick off of new projects.</p>