



Accountability
Framework
initiative

TOPIC SUMMARY

MONITORING AND VERIFICATION

APRIL 2023

Monitoring and verification (M&V) systems are essential components of any company effort to address deforestation, conversion, and human rights abuses in supply chains. This document summarises the Accountability Framework’s main positions and guidance related to M&V, as further detailed in Core Principle 11 and the Operational Guidance on Monitoring and Verification. It also includes resources that companies can use to develop and implement effective M&V systems aligned with the Framework.



The **Accountability Framework** was created through a consultative process with a wide range of stakeholders including companies, NGOs, and government, and following applicable good practices for multi-stakeholder initiatives. It represents the consensus of the entire **Accountability Framework initiative (AFi) Coalition**, whose members as of the date of this publication include:



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This work product is intended to be advisory only and is not intended to serve as a legal opinion or legal advice on the matters treated. The reader is encouraged to engage counsel to the extent required.

What is monitoring?

Monitoring is the ongoing collection of data to assess and document progress, performance, and compliance. Monitoring systems allow companies to manage and track performance of their operations and supply chains relative to their own goals and to other market, legal, or regulatory obligations. Companies use this information to inform their own decision-making and continuous improvement processes. They also use it to report externally to buyers, investors, civil society, and other stakeholders.

What aspects of monitoring does the Accountability Framework address?

The Accountability Framework focuses on agricultural and forestry supply chains and addresses the issues of deforestation, conversion of other natural ecosystems, and the rights of Indigenous Peoples, local communities, and workers. Effective monitoring should include mechanisms both to assess actual performance and compliance levels and to detect potential new impacts or non-compliances in a proactive manner. Tools such as risk assessments, deforestation alerts, and grievance mechanisms can facilitate such detection and are therefore essential parts of a monitoring system.



How should companies monitor deforestation and conversion?

Monitoring should assess and quantify the following for all production units in the company's operations and supply chains:

- **Adherence to no-deforestation and no-conversion policies, including:**
 - Compliance status of each production unit relative to such policies
 - Area of land subject to deforestation or conversion since the applicable cutoff date or reference date
 - Where and to what extent the supply base has shifted or expanded, including the prior land use of any new production areas
 - Extent and status of restoration or compensation activities undertaken to address past deforestation or conversion
- **Conservation of natural ecosystems:** Amount of natural forest and other natural ecosystem present and the conservation and management status of such lands.

To monitor deforestation and conversion, companies should select methods and tools that are suited to the commodity, scale and type of production systems, and data availability in the given context. This typically includes data and tools based on remote sensing, which enable users to assess land use over time, understand when changes have taken place, and determine whether these changes comply with company policies or other requirements.

Remote sensing tools are rapidly improving in terms of availability and accuracy. Nevertheless, remote sensing information should be complemented or validated by direct on-the-ground measurements when it is ambiguous, not detailed enough, or suspected to be wrong. This includes cases where land uses might not be fully distinct or distinguishable, such as agroforestry systems, fine-scale vegetation mosaics, or shifting agriculture.

For an overview of several widely-used monitoring tools that are well-aligned with the Accountability Framework, please see [this resource](#).





How should companies monitor human rights?

Consistent with a due diligence approach, companies should assess human rights risk broadly across their businesses and then focus more in-depth monitoring on salient human rights issues.

Assessing risk and identifying salient human rights issues

Companies should assess patterns and drivers of human rights impacts and risks across the geographies and commodities within their supply chains. Such assessment should utilise external information sources such as area-level risk characterisations and expert reports as well as company records, grievance mechanism reports, and information on suppliers' human rights monitoring, grievance, and remedy systems. Based on this information, companies should identify salient human rights issues: those for which there is risk of severe negative impact.

Systems and actions to manage human rights issues

Monitoring should assess the systems and practices of the company and its suppliers to address human rights, with a focus on issues identified as salient to the company.

This includes:

- company policies and procedures related to human rights
- processes for engaging rightsholders and other stakeholders in matters that affect them
- presence and adequacy of grievance mechanisms (following the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights)

Outcomes and impacts on the ground

Monitoring should assess outcomes of actions to manage human rights issues – as well as actual human rights impacts – in production and primary processing operations that the company owns, manages, or sources from. On-the-ground monitoring should be tailored to address salient human rights issues in each context throughout the supply chain. In the agriculture and forestry sectors, these should typically include at least the following:

- status of any grievances related to human rights



- whether Free, Prior, and Informed Consent (FPIC) has been secured prior to activities that might affect the rights of Indigenous Peoples or local communities, and whether such groups have received (or are receiving) compensation and benefit sharing in accordance with the agreed outcomes of FPIC processes
- whether violations of land rights or other rights of Indigenous Peoples or local communities have occurred
- whether workers' rights are fully respected in line with the Accountability Framework's Core Principle 2.3 and applicable law
- wage levels paid to workers and their relation to the legal minimum wage and to a living wage benchmark for the local context
- status of processes to provide fair and just remedy when activities associated with commodity production have violated the rights of Indigenous Peoples, local communities, or workers

On-the-ground monitoring techniques include interviews with workers, local communities, and others who are vulnerable to social harms associated with company operations. They also include direct observation by auditors or other monitoring personnel.

Conventional closed-ended questions are unlikely to detect certain types of human rights violations. Therefore, monitoring methods should triangulate among multiple information sources, include the use of proxy indicators, and examine relevant processes and enabling conditions within the company and the local area.



How should companies conduct monitoring based on their position in the supply chain?

To assess compliance and performance related to deforestation, conversion, and human rights, all companies need to obtain information about the supply base where commodities in their supply chains originate. The best approach for any given company will depend on its position in the supply chain, level of traceability to production units of origin, and the risk of non-compliance associated with product volumes or origins. Effective monitoring may require a combination of the following methods:

1. direct monitoring of production and primary processing operations
2. monitoring of sourcing areas
3. monitoring of suppliers' management and control systems

1. Direct monitoring of production and primary processing operations

Monitoring at the level of production units and primary processing operations provides the most direct and accurate assessment of compliance and performance. It is therefore generally preferred. Monitoring at this level requires mapped boundaries of production units.

Companies that own or manage production or primary processing operations are directly responsible for monitoring these operations. They should provide this monitoring information to their buyers. Product buyers should also monitor at this level if they are not able to obtain adequate monitoring information or evidence of compliance from their suppliers, from third-party monitoring and verification systems, or through other credible means.

2. Monitoring of sourcing area

When companies are not yet able to trace products back to the production unit level, monitoring at the sourcing area level may be the best available option. A sourcing area may be a radius from a first point of collection or processing facility (e.g., a palm oil mill), a defined production landscape (e.g., the area covered by a smallholder cooperative), or a subnational jurisdiction (e.g., a municipality).

Monitoring at the sourcing area level is also helpful when companies are working to manage deforestation, conversion, or human rights risks at an area level. This may be a good strategy when a company's supply base is dynamic, when environmental and social risks need to be addressed at the community or landscape level, or when specific sourcing areas can be shown to have negligible risk of recent deforestation or conversion, or of human rights violations.

3. Monitoring of suppliers' management and control systems

Companies that are further downstream in the supply chain often rely on their suppliers to monitor and provide evidence of compliance and performance for materials in their supply chains. When this is the case, it is important for buyers to monitor their suppliers' management and control systems, including:

- risk assessment methodologies, results, and how they are used for addressing identified risks
- policies and commitments related to deforestation, conversion, and human rights violations
- practices related to responsible site establishment and site management, such as measures to protect natural ecosystems, ensure respect of human rights on an ongoing basis, and secure FPIC when appropriate
- supply chain mapping and traceability systems, as well as current levels of traceability to the supplier's direct and indirect suppliers
- sourcing policies and practices to address deforestation, conversion, and human rights violations in the supplier's own supply base
- procedures for identifying and addressing non-compliance, including grievances and their status
- monitoring and verification systems

How does verification complement monitoring?

Verification is important for assessing and demonstrating compliance and performance related to no-deforestation, no-conversion, and respect for human rights. It serves to validate the findings of the monitoring process so that such information can be trusted both internally and externally.

Verification should be independent, meaning that it is not conducted by those involved in the operation being assessed. Forms of verification include:

- **first-party** (performed by a different team within the company itself)
- **second-party** (performed by an entity with an interest in the company being assessed)
- **third-party** (performed by an entity that does not have an interest in the company nor provide other services to it). Third-party verification should be used when a high level of confidence and credibility is needed



What are the elements of credible verification?

All forms of verification should follow key elements for credibility, as shown below.

1. **Consistency** through documented procedures and decision-making protocols, including the methodology used for making determinations of compliance or non-compliance.
2. **Rigorous methodologies**, including:
 - appropriate scope and scale of verification
 - auditable metrics
 - appropriate methods for gathering evidence
 - adequate audit intensity
3. **Competent auditors**, with appropriate skills, knowledge, experience, and expertise for the topics and context being verified.
4. **Impartiality and independence** through use of persons or organisations that are not involved in the operation being assessed and are free of affiliation or relationships that could impair objectivity.
5. **Transparency** to help foster external review or scrutiny of verification processes. This may be achieved through robust company policies and practices for:
 - stakeholder engagement
 - managing grievances
 - public disclosure of information
6. **Linkage to improvement processes** by incorporating approaches that go beyond ‘tick the box’ exercises and instead support continuous engagement, learning, and improvement of operations so that they can more effectively avoid and mitigate future adverse impacts and achieve full compliance.
7. **Retention and documentation of evidence** in a way that makes this information available in case it needs to be accessed in the future while also addressing confidentiality and privacy needs as well as legal requirements.



Next steps

Review sections of the Accountability Framework that address monitoring and verification

Core Principles

- Core Principle 11: Monitoring and verification
- Core Principle 6: Managing for supply chain compliance
- Core Principle 12: Reporting, disclosure, and claims

Operational Guidance

- Monitoring and Verification

Apply the Accountability Framework

Companies can use the Accountability Framework to assess, improve, and report on their monitoring and verification systems in the following ways:

1. Assess your existing monitoring and verification practices against the Accountability Framework to identify potential gaps, opportunities, and priorities for improvement
 - [The AFi self-assessment tool](#).
2. Establish or revise monitoring and verification systems
 - A range of [monitoring tools](#) are available to help companies to collect data and assess indicators related to their supply chain goals. This overview presents some monitoring tools that are aligned with the Framework.

Find additional support

To help put the Accountability Framework into practice, many companies seek the support of a service provider. Please see the [‘Find a Delivery Partner’](#) page of the AFi website to identify service providers whose approach and advice are aligned with the Framework.

You may also [contact the AFi](#) to discuss your company’s next steps. The AFi is not a service provider and does not accept funding from companies but will help identify options for further support based on your company’s needs.





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