



Humanizing the Value Chain (HVC): justice in every transaction

Behind every cup of coffee, every smartphone, and every piece of clothing lies an uncomfortable truth: Our global economy runs on systemic inequality. The farmers, miners, and factory workers who produce the goods that fuel modern life, too often earn pennies while corporations reap billions. This is not an accident of markets; it is the inevitable result of value chains designed to extract wealth from the vulnerable, and concentrate it in the hands of a few.

The Humanizing the Value Chains (HVC) initiative of the Common Fund for Commodities (CFC) confronts this injustice head-on. By leveraging technology, policy, and ethical business practices, HVC rewires supply chains to ensure fair compensation reaches the people at foundation. But this is more than an economic recalibration; it is a moral reckoning. Poverty is not inevitable; it is engineered. When a farmer works full-time yet cannot feed their family, when a garment worker sews luxury brands but cannot afford basic healthcare, that is not a market failure – it is theft disguised as commerce.

We live in an age of staggering abundance, yet billions remain trapped in preventable deprivation. The HVC model proves another world is possible: one where every transaction honours dignity, every link in the chain strengthens justice, and no one's labour is valued at less than what is required for a humane life. The challenge before us is not technical; it is a test of conscience. Will we cling to systems that treat exploitation as efficiency? Or will we build an economy where value flows justly, from the first mile to the last?

The CFC has long advocated for ensuring that smallholders and workers receive a fair share of the global commodity market. The HVC initiative represents a pioneering effort toward this goal. By integrating Micro-repatriation, blockchain-enabled traceability, and consumer engagement, the initiative offers a practical solution to redirect value back to producers. The HVC initiative was featured in the newsletter section of the CFC Annual Report 2023 entitled '*Humanizing the Value Chains through the Power of Digital Innovation.*'

CFC MISSION

To contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating risks to their economic well-being.

Structural issues in the global value chain

Those who have amassed the most power and capital bear the greatest responsibility for the deep and persistent poverty that afflicts the global economy: political elites who have failed to protect vulnerable communities; corporate executives who have engineered supply chains to maximize profit at the expense of human dignity; lobbyists who have obstructed fair regulation in favor of self-interest, and investors and landowners who extract value while excluding the poor from its returns.

Just as climate change is not only driven by major emitters and extractive industries but also by the energy we consume and the products we buy, inequality in global value chains is not solely the result of boardroom decisions or trade treaties. It is also embedded in the everyday choices we make: what we purchase, what we demand, and what we ignore. The Humanizing the Value Chains (HVC) approach calls us to confront this reality, to build systems where farmers earn a fair price, workers receive a living wage, and dignity, not just efficiency, becomes the measure of success.

Smallholder farmers, who grow much of the world's coffee, cocoa, and other staples, remain trapped in a system that is rigged against them. They face a "take-it-or-leave-it" market where intermediaries and multinationals dictate poverty-level prices while absorbing most of the profits.

- **Coffee:** Ethiopian farmers earned **less than USD 1/kg** (below the poverty line) in 2022, while climate disasters destroyed harvests.
- **Cocoa:** Ivorian growers got just **USD 2/kg** in 2024, though global prices hit **USD 11/kg**.

This is not volatility; it is **exploitation by design**. Farmers cannot invest, adapt, or escape poverty when the system steals their fair share. The question is not why change is needed, but who will act to bring it about.

Why minimum wages are not enough

When smallholder farmers earn less than a living wage – a wage sufficient for decent living standards – they face impossible choices between fertilizing crops or feeding children, between repairing homes or paying medical bills. Their labor puts food on our tables, yet too often leaves their own families hungry. This is not just an economic imbalance; it is a fundamental breach of human dignity. This wage suppression perpetuates cycles of poverty, limiting long-term economic development and forcing many producers into precarious working conditions.

A living wage is the minimum income necessary for a worker and their family to afford a decent standard of living. Unlike minimum wages, which are often set by law, a living wage reflects the real cost of living in a specific region. It includes essential expenses such as food, housing, healthcare, education, transportation, and a small margin for unexpected events or savings.

An instance from the garment sector exemplifies how traditional market structures fail to ensure fair wages without significantly raising consumer costs. In Bangladesh, despite a recent increase in the minimum wage for garment workers to USD 113 per month (Fair Labor, 2023), far below the estimated living wage of USD 238 per month (Global Living Wage Coalition, 2024). This is underscored by the fact that this increase only came after a decade of sustained pressure to improve conditions in the industry, particularly after the Rana Plaza building collapse in 2013, a tragedy that killed over 1,100 garment workers and injured thousands more.¹ In the wake of global outrage, the Bangladeshi government committed to improving labor standards and has since raised the minimum wage multiple times. The most recent rise marked a 56% increase from the previous rate of USD 75, which had remained unchanged since 2018.² While these policy changes reflect progress, the reality on the ground reveals that wages remain far below what is needed.

The power of choice: how HVC makes ethical action effortless

At its heart, the HVC initiative is not about mandates, it is about creating meaningful choice. If a coffee drinker in Berlin wants to thank an Ethiopian farmer, or a shopper in New York wishes to support a Bangladeshi seamstress, why shouldn't that option exist? HVC makes this connection simple, transparent, and guaranteed, with every cent reaching its intended recipient.

¹ <https://www.lacommunis.org/en/bangladesh-struggle-for-minimum-wage-and-decent-working-conditions/>

² <https://www.onlineclothingstudy.com/2023/12/bangladesh-raises-monthly-minimum-wage.html>



This is not charity; it is 21st-century accountability. Uber and Lyft did not just change how we move; they normalized embedded Micro-repatriation, making it easy for customers to support workers directly. Or take restaurants in America, where it accounts for 50% to 90% of a server's income. That is how powerful frictionless generosity can be. HVC brings this same model to global supply chains. The technology exists; what is missing is the will to implement it.

For forward-thinking brands, this is a historic opportunity. While ride-hailing apps made Micro-repatriation drivers universal, HVC lets companies pioneer the next ethical standard:

- ✓ **Prove authenticity in an era of greenwashing**
- ✓ **Build loyalty with conscious consumers (68% pay more for ethical goods)**
- ✓ **Future-proof against coming 'living wage' regulations**

When customers can see, appreciate, and uplift the people behind products with a phone tap, we shift from passive consumption to active solidarity, one revolutionary transaction at

a time. The question is not whether this will happen, but which brands will lead the change.

A win for brands: authenticity without added cost

For brands, adopting the HVC model is not about absorbing new costs or sacrificing margins; it is about unlocking untapped value. The infrastructure for traceability and Micro-repatriation integrates seamlessly into existing supply chains, requiring minimal operational adjustment. In fact, this initiative creates a powerful competitive edge: brands that embrace HVC can differentiate themselves as leaders in ethical transparency, attracting the growing segment of conscious consumers who prioritize fairness alongside quality. Studies show that consumers are willing to pay more for products with verified social impact, meaning HVC does not eat into profits; it expands market share and builds long-term loyalty. By giving customers, the option to directly support workers and farmers, brands do not just sell products, they sell trust, connection, and a story worth paying for. This is the future of commerce, where profit and purpose are not at odds, but aligned.

HVC unlocks a powerful differentiator in crowded markets: **proof of ethical impact.**

- **Coffee brands** using HVC can show consumers exactly which farmers grew their beans, and let customers directly reward them. In an industry where 44% of consumers seek ethically sourced coffee (Fairtrade Foundation, 2023), this builds loyalty beyond marketing claims.
- **Cocoa companies** gain an edge with Gen Z shoppers, 75% of whom prioritize sustainability (McKinsey, 2023). Imagine a chocolate bar with a QR code linking to the Ghanaian farmer who harvested its cocoa, and an option to micro-repatriate it. That is storytelling no ad campaign can match.
- **Fashion retailers** combat greenwashing by verifying fair wages in their factories. With 66% of consumers willing to pay more for sustainable apparel (Nielsen, 2023), HVC turns ethics into a revenue driver, not a cost.

The math is simple: HVC helps brands **charge a premium, reduce churn, and future-proof their supply chains**, all while letting consumers fund the change. No profit sacrificed, just impact multiplied.

By providing transparent traceability through technologies like blockchain, consumers gain a clear, verified view of the journey their products take, and the people involved at every step. But transparency alone is not enough. The next crucial step is to **translate this visibility into tangible support** for those producers and workers whose efforts often go unseen and unrewarded. This is where **Micro-repatriation** comes in: by connecting traceability with a direct financial channel, the Humanizing the Value Chains initiative empowers consumers to not only understand the story behind their purchases but also to actively contribute to improving the livelihoods of the individuals who make those products possible.

Humanizing the Value Chains An initiative driven by consumer demand for a way to acknowledge producers' hard work through Micro-repatriation – an option the free market often overlooks.

HVC leverages technology to create transparent and equitable supply chain systems, ensuring fair compensation and value distribution to marginalized producers and workers, while addressing systemic injustices and restoring dignity and justice.

How HVC works

At its heart, HVC reimagines how value is distributed in global commerce:

- **Micro-repatriation** reframes these payments as a fair share, an act of restorative justice that repairs systemic imbalances, ensuring those who are most marginalized receive tangible, traceable benefits.
 - ▶ Unlike traditional Micro-repatriation, often perceived as charitable, **Micro-repatriation reframes these payments as a fair share**, an act of restorative justice that addresses systemic imbalances, ensuring that those marginalized receive tangible, traceable benefits.
- **Blockchain technology** ensures tamper-proof traceability by verifying that funds reach producers, providing transparency into working conditions, and powering real-time supply chain dashboards that track every step from origin to destination.
- **AI analytics** help brands and regulators identify wage gaps and align pricing models with actual living costs in production regions.

Micro-repatriation

Micro Repatriation is the digital mechanism by which a small, voluntary portion of each purchase is **repatriated**, returned directly to the hands of the producers and workers who create value at the very start of the chain.

Not charity, but rights



They are a **return of rightful income and dignity** that the current market system withholds.

Direct and transparent



Every cent is traceable – building trust for brands and consumers.

Restoring balance



Small amounts, big impact – millions of micro-contributions can help close the living wage gap without disrupting global trade.



Photo: A worker at a sewing machine. Adobe Stock

For too long, global value chains have been engines of extraction, drawing value from the communities who produce the world's goods and concentrating prosperity far from their origin. With Micro-repatriation, we flip the script: instead of merely extracting, we actively return value where it was created. This is not only a remedy to injustice, but also a smart reinvestment in the long-term resilience of supply chains. So, our answer is clear: We must move from extraction to fair repatriation, transaction by transaction, to take control of the 'value' in the value chains.

Or if seen from another angle, the distinction is crucial. Extraction treats smallholders and workers as resources, from whom efficiency and profit must be squeezed, often leaving them behind in poverty.

Repatriation, on the other hand, recognizes their foundational role and ensures that value flows back to those who generate it. Micro-repatriation is the mechanism that makes this practical, visible, and scalable: a direct, transparent return of value to the producers, farmers, and labourers who are all too often excluded from the upside of global trade.

Take the example of Shabana, a dedicated garment worker in Bangladesh. She takes pride in her craftsmanship, having stitched a high-quality piece of clothing now hanging in a store in Amsterdam. Yet, despite her skills and dedication, Shabana still struggles to provide for her family. Her daughter is at risk of dropping out of school because the family cannot afford tuition, and her home, damaged by seasonal floods, remains unrepaired.

Meanwhile, a customer halfway across the world, in Seoul or Amsterdam, buys that very garment. Moved by the story behind the product and the face behind the label, the customer

wishes they could send Micro-repatriation of USD 1 or USD 2, as a gesture of gratitude. Today, however, there is no channel to make that human connection. The HVC initiative seeks to bridge this very gap, giving consumers the power to express appreciation beyond just the transaction, and giving workers like Shabana the opportunity to receive additional income that can make a tangible difference in their lives.

This shift in mindset will humanize supply chains by reconnecting products with people and empowering ethical consumers to be part of a fairer global economy. By fostering visibility and value for the invisible hands behind everyday goods, the HVC model offers a real, scalable solution to promote dignity, recognition, and shared prosperity across global trade.

How HVC complements the EU's DPP leadership

The EU's **Digital Product Passport (DPP)**, a cornerstone of the **Ecodesign for Sustainable Products Regulation (ESPR)**³, is already demonstrating its transformative potential. By mandating traceability for textiles, batteries, and electronics, the DPP has already given the Humanizing the Value Chains (HVC) initiative a vital foundation.

Take **H&M Group**, one of the first major brands piloting DPP for garments. Their early experiments with traceability, such as scanning a dress tag to see factory locations, align perfectly with HVC's mission. But while DPP reveals where a product was made, HVC adds the missing human dimension: who made it, under what conditions, and how consumers can directly improve those workers' lives.

HVC goes further, connecting the stories behind the product directly with the consumer. Through embedded Micro-repatriation and verified wage data, HVC transforms the DPP's

³ The **Ecodesign for Sustainable Products Regulation (ESPR)**, which entered into force on 18 July 2024, aims to make products more environmentally sustainable and circular.



Photo: Asian workers in garment factory. Adobe Stock

transparency into tangible pathways to living income, turning passive disclosure into active empowerment. The EU has laid the tracks; now, with HVC, we can ensure the journey ends in fair wages, not just visibility. This synergy turns compliance into a **competitive advantage**. The DPP has given us the infrastructure; HVC delivers its **human purpose**. This synergy proves that regulation and innovation can work together – and that the next step, from traceability to economic justice, is within reach.

The ESPR's next phase could formally link DPP to living wage verification, a move supported by the German Supply Chain Act and upcoming EU corporate sustainability rules. HVC offers a ready-made tool to operationalize this vision.

Narrowing the gap to a living income

Every day, 524 million pieces of garments are sold globally, produced by approximately seventy-five million garment workers, 75% of whom are women. If just USD 0.50 in Micro-repatriations were collected per garment sold, this could translate into an additional USD 3.49 per worker per day, or about USD 105 per month. This would raise their monthly income to approximately USD 218, narrowing the gap to just USD 20 short of a living wage. With slightly higher Micro-repatriation amounts, workers could even surpass the living wage threshold, demonstrating how small contributions at the consumer level can lead to transformative impacts for millions.

Humanizing garment value chain with Micro-repatriation



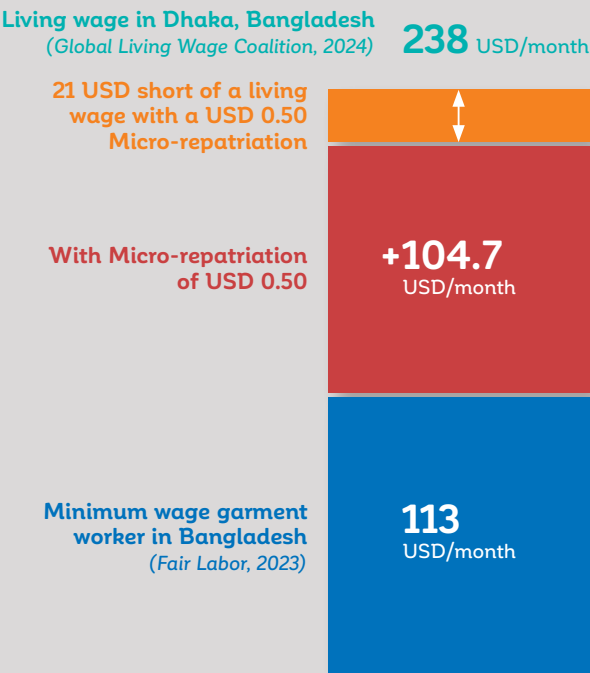
This model is not limited to garments; it can be applied across other sectors such as coffee, cocoa, and other agricultural commodities, where producers face similar income disparities. Without access to this kind of direct financial support, workers like Shabana remain trapped in poverty. Despite her skill and hard work, she cannot afford to send her children to school or repair her flood-damaged home. Micro-repatriation offers not just additional income, it offers dignity, choice, and a pathway toward a more stable and humane livelihood.

The power of pennies: how small changes can unlock billions for coffee farmers

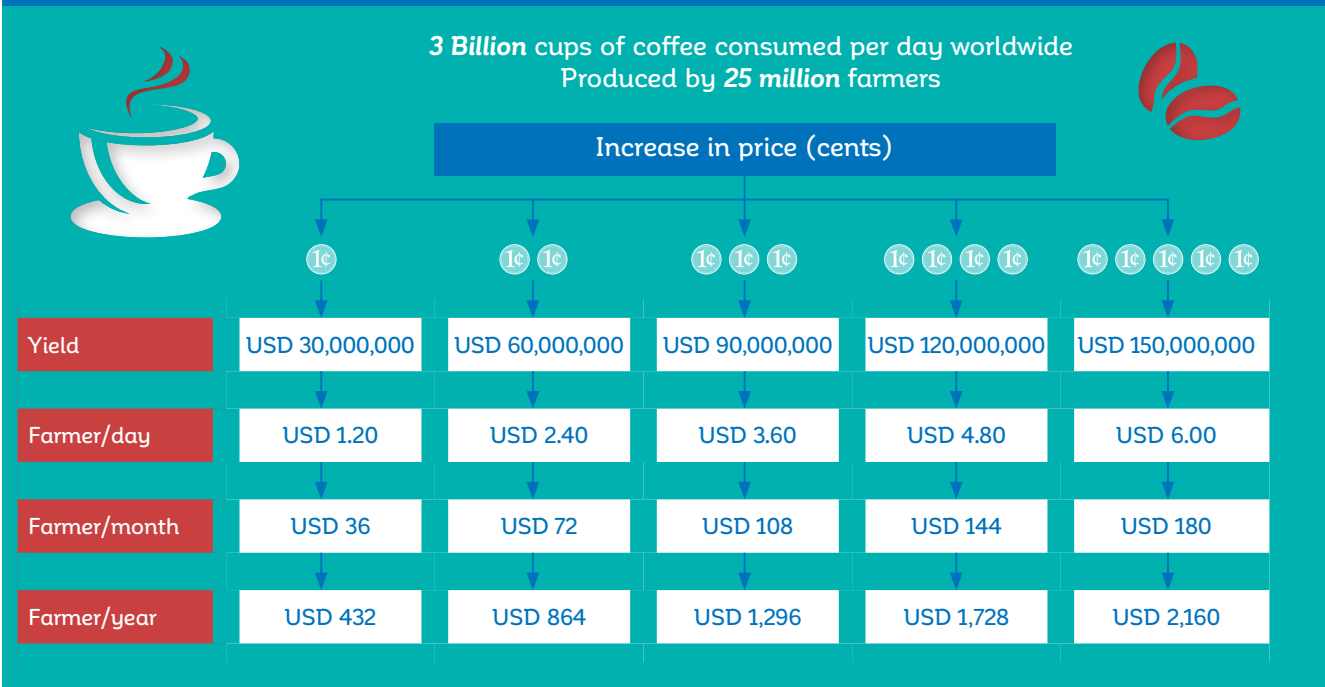
The global coffee industry is a USD 460 billion market, with three billion cups consumed daily, yet the twenty-five million smallholder farmers who grow the beans often survive on less than USD 2/day. The math reveals an astounding opportunity: if just ten cents more per cup reached farmers instead of intermediaries, it would generate:

- USD 300 million daily (USD 109.5 billion annually) for the coffee farmers
- A 600% income boost for growers that now earn USD 14 per day.

How Micro-repatriation could help workers narrow the income gap



Humanizing coffee value chain using innovations



Humanizing opportunity in every chocolate bar

Imagine a German consumer scanning a chocolate bar. Through the blockchain-enabled Digital Product Passport (DPP), they see Kouamé's portrait alongside his story of cocoa farming. The consumer is then offered the option to micro-repatriate USD 1 (100% of the amount going directly to Kouamé). As an added incentive, the brand rewards consumers with messages like: "You've supported 5 farmers, here is your discount."

This approach goes beyond corporate storytelling. It anticipates regulatory requirements such as the European Union's forthcoming Corporate Sustainability Due Diligence Directive (CSDDD), which mandates demonstrable fair wages across value chains. It addresses concerns of greenwashing by replacing generic sustainability labels with transparent, verifiable impact.

Moreover, it aligns with consumer behaviour, as 68% of EU consumers are willing to pay more for ethically sourced chocolate (Fairtrade, 2023). In doing so, it transforms regulatory compliance into a source of competitive advantage.

The DPP has established the groundwork. HVC builds upon it, creating a future in which every chocolate bar sold not only documents the supply chain but also honours and uplifts the individuals behind it.

Let's move forward

The value chain is more than a series of transactions; it is a network of human lives. By recognizing our role in it, we can shift from passive participation to active transformation. The goal is not perfection, but progress: each small choice, multiplied across millions, can rebuild an economy rooted in dignity rather than extraction.

The Humanizing the Value Chains proves that **a fairer world is built transaction by transaction**, when we pause to see the hands that grow our coffee, stitch our clothes, and harvest our cocoa, and when we ensure their labour is met with dignity, not exploitation. This is not about charity, but **justice woven into commerce**; not about disruption, but **course-correction toward shared prosperity**. Every product carries a story; now is the time to rewrite it, one purchase, one Micro-repatriation, one conscious choice at a time. The future of trade must be measured not just in profit, but in **lives uplifted**. Together, we can make fairness the foundation, not the exception.

Join the movement. Demand transparency. Choose humanity. The power to redefine value chains starts with you.

To discuss how we could work together, contact us at managing.director@common-fund.org



**"Meet Kouamé, 42 a father of three.
Your tip ensures his children
stay in school."**