BACKGROUND
One of the most important challenges facing LDCs is the issue of how to trigger structural transformation for sustainable development whilst diversifying production. Further challenges relate to the need to create more value-addition in exports and generate higher employment. A large share of exports of LDCs, especially in Africa, comprises basic commodities with very little value-addition. One of the ways of triggering structural transformation is to increase competitiveness of the countries in producing and exporting commodities-based manufactured products and develop competitiveness in services using the large reserves of natural resources and capacities available within the region. Regional integration and pooling of resources and capabilities by forming regional value chains (RVCs) can be an important step in this direction. Linking into global value chains (GVCs) can offer further opportunities for diversification. However, linking into GVCs per se may not bring automatic gains in terms of higher value-addition in exports, increased industrialization and employment generation. In fact, linking at lower end in GVCs by exporting raw materials can be counter-productive for LDCs. Countries may find themselves trapped at the bottom of the chain, “locked-in” and unable to add value to their exports or “locked-out” of GVCs. In the process they may continue to export low-value added commodities, with lower gains in terms of domestic value-addition and diversification.

OBJECTIVE
The session will explore the challenges and constraints facing LDCs in gainfully linking into global as well as regional value chains in agriculture, industry and services. Constraints related to production, market access and policies will be discussed. The role of different players in linking into value chains will be explored. The sessions will identify the capacities and institutions which need to be developed; policies and regulations which need to be in place; and role of South-South and trilateral partnership which is needed for successfully linking LDCs into global value chains and initiating regional value chains. Sector-specific success stories will be discussed.

ISSUES FOR DISCUSSION
- What are the constraints to LDCs in gainfully linking into global as well as regional value chains?
- What are the capacities that countries need to build for successful linkages in agriculture, industry and service?
- What are the strategic interventions in terms of policies which can help?
- What are the regional initiatives that can help in promoting regional value chains? What role can regional investment agreements play?
- What role can South-South integration play in promoting gainful linkages of LDCs in regional and global value chains?