



# Trade Facilitation Reform as a Trust Catalyst

A CASE STUDY IN BUILDING AND MEASURING TRUST  
BETWEEN THE PUBLIC AND PRIVATE SECTORS IN COLOMBIA  
INSIGHTS FROM THE GLOBAL ALLIANCE FOR TRADE  
FACILITATION



## **Global Alliance for Trade Facilitation Lessons Learned Series**

Paper #4

November 2021

This paper is part of the Global Alliance for Trade Facilitation Lessons Learned Series. It was prepared by Candice White, Knowledge Specialist, Global Alliance for Trade Facilitation, drawing from a research report commissioned by the Alliance and led by Nicole Gillespie, KMPG Chair in Organizational Trust and Professor of Management, University of Queensland, and Daniel Holm, PhD student, University of Queensland. The authors' views do not necessarily reflect the views of the Global Alliance for Trade Facilitation, its host organisations, implementing partners, donors, and business partners.

# THE GLOBAL ALLIANCE FOR TRADE FACILITATION

The Global Alliance for Trade Facilitation is a public-private partnership for trade-led growth, supporting governments in developing and least-developed countries in implementing the World Trade Organization's Trade Facilitation Agreement. Alliance projects cut through red tape and end costly delays at borders by bringing together governments and businesses of all sizes as equal partners to deliver targeted trade reforms.

By emphasising digitisation and delivering other best practices, Alliance projects enable businesses to trade more easily thanks to streamlined and more predictable processes. Governments save time and resources by modernising

trade procedures while still safeguarding their borders. Ultimately, Alliance projects boost trade competitiveness and business conditions, which are key drivers of inclusive economic growth and poverty reduction.

## LESSONS LEARNED SERIES

The Global Alliance for Trade Facilitation Lessons Learned Series is a collection of papers documenting the technical and operational insights gained from the Alliance's experience in the implementation of trade facilitation reforms. Its goal is to share lessons and emerging best practices as a resource to governments, businesses and other organisations and initiatives in the trade facilitation and related fields.

## OUR DONORS



Global Affairs  
Canada

Affaires mondiales  
Canada



MINISTRY OF FOREIGN AFFAIRS  
OF DENMARK



Federal Ministry  
for Economic Cooperation  
and Development

## HOST ORGANISATIONS



## IN COOPERATION WITH



## EXECUTIVE SUMMARY

Trust is a foundational aspect of modern trade. Trust lies at the heart of the commercial relationship between supplier and recipient, yet it is also vital in their distinct relationships with governments that regulate and oversee trade for the public good. If governments lack confidence in the motives and activities of the private sector, trade can become ensnared in the red tape that is often the by-product of this breakdown. Similarly, businesses are unlikely to engage governments in improving trade conditions if they suspect the authorities are uninterested in or dismissive of their problems.

In seeking to better understand and measure trust between the public and private sectors in the trade arena, the Global Alliance for Trade Facilitation discovered that trade can itself be a catalyst for improved trust between the two sides, rather than a source of friction. Our research shows that the Alliance's trade facilitation projects can give both sides a common goal and a platform to reach it, building trust in concrete, measurable ways that can endure beyond the term of the project itself.

Trust, then, is also essential to forging strong public-private partnerships (PPP) that underpin the co-creation and co-implementation structures of Alliance projects. Yet little is known about the drivers and key success factors of a trusting relationship between business and government. This paper sets out the outcomes and learnings from the Alliance's study to measure trust-building in the Centre for Excellence project in Colombia led by Professor Nicole Gillespie and Daniel Holm from the University of Queensland. It found that trade facilitation can act as a unifying force to bring the public and private sectors into a closer working relationship where they accomplish common goals and improve the collective level of trust.

Trust is often defined in relation to concepts such as willingness to be vulnerable, to rely on the other, to collaborate, or to share information.

Furthermore, trust is determined by the perception that the other party is trustworthy – a concept shown to have three key dimensions: ability, benevolence, and integrity. To measure trust between the public and private sectors, the Alliance worked with trust researchers to build a methodology and implement the methodology.

The study into public-private trust was implemented in the Alliance's project in Colombia to establish a Centre for Excellence. At its outset, the project aimed to:

- i) harmonise treatment of auto-sector imports and exports by implementing advanced rulings, which provide decisions by Customs on the classification, origin and valuation of commodities prior to their importation or exportation,
- ii) serve as a link between the public and private sector stakeholders working to streamline customs operations, and
- iii) facilitate the adoption of best practices that would improve overall sector competitiveness.

The project was selected as a candidate for this study based on the importance of public-private collaboration to the project's success, as well as evidence that there were low levels of coordination, communication, and trust when the project began in 2016.

To measure trust in this project, academic experts employed a retrospective methodology including a documentation review, interviews, a survey, and a focus group. The combination of methodological tools allowed for the collection of qualitative and quantitative data, and thereby the triangulation of data sources. The study sought to answer four key hypotheses focused on: the current levels of trust, how trust had changed, the key drivers of trust, and how the Alliance and the Centre project built trust between the public and private sectors.



The study results confirmed that trust improved between the public and private sectors since the project commenced. Over two-thirds of survey respondents stated that their trust had increased, and some interview respondents described the relationship between the two sectors as having undergone a remarkable and significant turnaround. The improved trust was reflected in:

- measures of increased communication,
- having more common interests and shared goals,
- a better understanding of the needs and interests of the other counterpart, and
- an increased willingness to rely on and share information with the other sector.

While respondents described current trust levels as high, they also acknowledged that there was always room for improvement.

Growth in trust was found to be driven by several factors. First, a new Customs administration brought a changed mindset towards the private sector. This opened the door for enhanced collaboration, better sharing of information, and an improved working relationship. The Alliance's Centre project acted as a timely catalyst, providing both sides with the platform to build their relationship around the common goal of trade reform. Respondents highlighted that meetings, working groups, and training sessions increased knowledge and fostered open dialogue and understanding between the two sectors.



*"This initiative that the Alliance has coordinated with the national government has opened the door to establishing a relationship of trust and transparency in the work carried out by businesses and DIAN with respect to international trade."*

**Oliverio Garcia**  
Executive Director, ANDEMO  
(National Association for Sustainable Mobility)

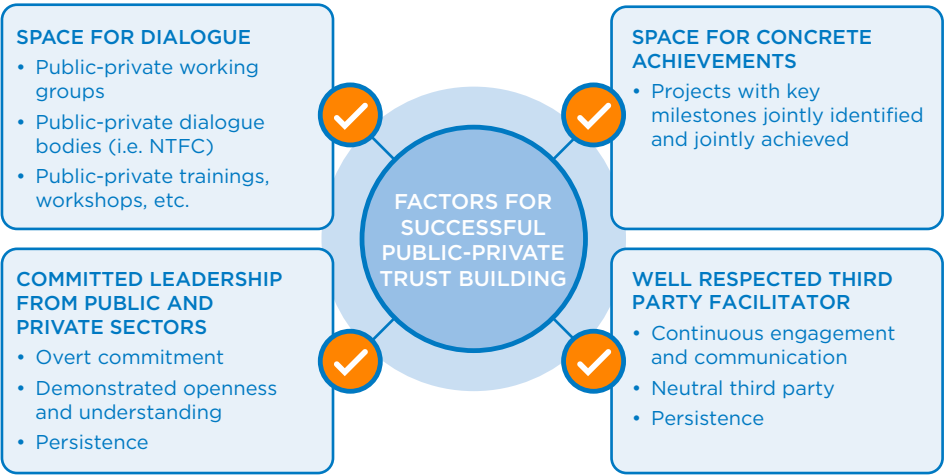
Furthermore, trust grew thanks to the overt commitment to the trade reform process of several key individuals from Customs, private sector associations, and the Alliance.

This case study enabled the Alliance to gather lessons in how to measure and build trust that will inform other projects. The study outlines the following key success factors to building trust: having a space for dialogue and information sharing, having a space to achieve together, having committed leadership by key actors, and finally, having a well-respected Alliance project leader (see Figure 1). The study also identified key success factors for measuring trust, such as the importance of involving academia, who are impartial experts in this space, to craft a viable framework for trust measurement and of having a neutral third party to carry out studies and assessments. It also allowed the

Alliance to build an understanding of how to measure trust from a retrospective as well as a longitudinal perspective, and to explore the use of additional methodologies such as a social network analysis.

This study introduces novel research into the important topic of trust between business and government in trade facilitation reform. Using the study findings, the Alliance will continue to develop and deploy trust-building activities across its trade reform projects. The Alliance will also implement measurement activities throughout projects to get a more comprehensive picture of how and through what channels the Alliance builds trust.

FIGURE 1: Factors for Successful Public-Private Trust Building



*"The relationship so far in the past year has been fantastic because you have a continuous exchange process. This is the first time in history that the private sector has made a presentation of the customs operations and has been able to discuss the challenges"*

(Private sector interview respondent)

*"I think that the public/private relationship has undergone a substantial improvement and furthermore I believe that today the private sector believes more in what the Customs Agency tells them, considering that we've had one principle during this administration is that we make no promises that we cannot deliver on"*

(Public sector interview respondent)



# INTRODUCTION

Successful national trade reform relies on cooperation and collaboration between the public and the local private sectors. There is a widely held belief that strong cooperation and collaboration is dependent upon the level of partnership and trust between these parties. Yet the concept of trust in public-private partnership (PPP) is not well understood and is very rarely measured.

The Global Alliance for Trade Facilitation (the Alliance) is a unique public-private partnership dedicated to supporting trade facilitation reforms in developing and least developed countries across the globe. Through its work to implement the World Trade Organization's Trade Facilitation Agreement (TFA), the Alliance brings together the public and private sectors as equal partners to design and implement trade facilitation projects. The Alliance theory of change rests on the hypothesis that the public-private dialogues and activities facilitated by the Alliance lead to increased trust between the public and private sectors in the project country. In

turn, this is expected to deliver more sustainable projects, projects, by shifting the behaviour and mindset with which the public and private sectors relate to one another.

To test this hypothesis, the Alliance worked with academic trust researchers from Australia's University of Queensland to measure the impact of Alliance activities on the trust levels between the public and private sectors involved in an advanced rulings project in Colombia. This paper will summarise the methodology, key findings and lessons learned from this study. It introduces a novel piece of research into the limited literature focused on measuring trust within trade facilitation reform.



## THE CONCEPT OF TRUST

**Trust is commonly defined as a willingness to be vulnerable to the actions of another party based on confident positive expectations of the intentions or behaviour of that party.<sup>i</sup>**

Trust often manifests in organisational relationships through a willingness to rely on the other party (e.g., to complete an important activity, for investment and contribution, or to collaborate on opportunities and initiatives), as well as a willingness to share information with them (e.g., commercially sensitive information). In contrast, distrust is evident by suspicion, cynicism, monitoring and control-oriented behaviour, distorting information, reducing contributions and involvement, and either withdrawal from or careful management of interdependencies.<sup>ii</sup>

Research has empirically shown that trust underlies effective relationships and cooperation. It facilitates higher quality knowledge exchange, problem-solving, decision-making and performance.<sup>iii</sup> Trust enables people and organisations to innovate and experiment, co-create, rely on and invest in collaborative partnerships.<sup>iv</sup>

Trust allows legitimate influence. Stakeholders are more willing to follow the decisions and visions of leaders and organisations that they trust, and more readily accept information at face value when it is from a trusted source.<sup>v</sup> Trust is associated with enhanced organisational revenue, profit, growth and investor returns, and has been shown to lower the cost of doing business.<sup>vi vii viii</sup> More broadly, trust has been shown to bring reputational and competitive advantages and to underpin the social licence to operate.<sup>ix</sup> In short, trust is a central pillar of social capital and effective relationships. For these reasons, trust-building is of immense importance to public-private partnership, particularly in the trade and development space.

While there are many benefits to trust, it is not a cure-all. Unwarranted trust can lead to complacency, favouritism, excessive risk-taking, vulnerability, and loss.

Research on inter-organisational trust suggests that organisations benefit most from an optimal level of trust that is based on evidence of trustworthiness and balances the benefits and risks of trusting.<sup>x</sup> While prior research suggests that trust is foundational to effective collaboration and partnerships, trust is context specific and collaboration can occur in the absence of trust, particularly when substitute mechanisms are in place such as contracts and control mechanisms that constrain and deter opportunistic behaviour.

A significant amount of trust research to date focuses on the public's perception of various institutions such as businesses, policy makers, or civil society. For example, the annual Edelman Trust Barometer looks at society's trust in government, business, non-governmental organisations (NGOs), and media across a sampling of countries. The Trustlab

at the Organization for Economic Cooperation and Development also seeks to measure trust between society and policy makers and to better understand what drives trust. However, there is minimal research on measuring the trust that exists between business and government, especially in the trade sector. Trade facilitation challenges arise when regulatory processes become overly burdensome for business. Thus, such partnerships are essential to achieving successful trade reforms.

The research on trust within and between organisations and their stakeholders indicates that it is influenced by a complex set of factors. These factors include, but are not limited to:

- individual differences (e.g., in the disposition to trust others),
- the nature of the relationship (e.g., power, vulnerability, and dependence between the parties),
- perceptions of the trustworthiness of the other party (e.g., ability, benevolence and integrity),
- the perceived alignment between the organisations' respective goals and values,
- the social network in which the parties are embedded (e.g., influence of trusted third-party intermediaries),

- and the extent to which the relationship is governed by structural assurances and regulatory frameworks that deter opportunistic behaviour (e.g., laws, regulations and socio-cultural norms).<sup>xi</sup>

Factors supporting trust in the trade context have been outlined by the United Nations Economic Commission for Europe. A 2015 report on best practices for holding consultations between business and government suggests that trust is facilitated by "respect of the opinions of each side, understanding of each side's point of view, the opportunity to provide comments and concerns, [and] receiving constructive feedback to input provided."<sup>xii</sup> The report shares that trust is built as a result of true collaboration and partnership, which requires openness, forums for working together, and the ability of participants to suspend pre-existing views or mentalities about the other.

One of the key determinants of trust is the perception that the other party is trustworthy. Trustworthiness has been shown empirically to have three central dimensions: ability, benevolence, and integrity.<sup>xiii</sup> That is, stakeholders trust organisations and their representatives when they perceive them to have these three key characteristics (see box 1).

The Alliance seeks to increase coordination, knowledge-sharing, and trust between government agencies and companies as both a stand-alone activity and an outcome of its projects to implement the TFA. A trusting public-private partnership enables more successful Alliance projects as it allows for open communication to identify challenges and solutions. It also enables more sustainable reforms by providing an ongoing platform for future collaboration. It is therefore important to understand whether the Alliance achieves trust-building, and how. The following section will introduce and share the results of a study assessing the Alliance's activities to build trust between the public and private sectors in its project in Colombia.

### BOX 1: Key characteristics of trustworthiness

#### ABILITY

**'I can rely on you to be competent'**

The collective knowledge, skills, and competencies that enable the organisation to function reliably and effectively to deliver its products and services and meet its goals and responsibilities. Stakeholders may perceive an organisation to be competent in some domains, but not in others. For example, the private sector may perceive Customs to be competent in keeping contraband goods from entering the country, but not for the efficient processing of goods through Customs.

#### BENEVOLENCE

**'I believe you care about your stakeholders'**

Exercising benevolence to those affected by the organisation's operations, products, and services involves demonstrating genuine care and concern by, for example, understanding and working to meet stakeholders' needs and interests. It means having a positive orientation towards stakeholders and, at a minimum, not having a detrimental effect on them.

#### INTEGRITY

**'I trust you will do the right thing'**

Consistent adherence to commonly accepted standards, principles and values, such as honesty, fairness, fulfilling promises and commitments, taking responsibility for one's actions, and operating according to regulations and laws. Integrity is also demonstrated by acting in accordance with expressed values.

# THE ALLIANCE APPROACH AND RESULTS

## THE COLOMBIA CASE STUDY

### Background

The Alliance project in Colombia focuses on establishing a Centre for Excellence to harmonize treatment of auto-sector imports and exports, a strategy modelled on a similar approach used in the United States. Project scoping began in 2016 and implementation began the following year. The key project stakeholder for the government was the Colombian Customs Authority (DIAN) and for business was the National Business Association of Colombia (ANDI). The motivation for the project came from both the public and private sectors, which cited unpredictability in the application of customs regulations for import and export procedures at the border. Although the Colombian economy had been experiencing strong growth and the country had entered a stable post-conflict period since 2016, integration into global supply chains was low: in 2016 exports of goods and services as a percent of GDP was 14.7% versus 21.3% for Latin America and the Caribbean.<sup>xiv</sup>

The Alliance held a series of public-private dialogues in 2016 and 2017 that identified a “chronic lack of coordination” between the public and the private sectors. Private sector stakeholders in Colombia perceived that the regulatory environment lacked best practice for facilitating trade. Moreover, the private sector was relatively fragmented, and the interaction between private and public sector was not strategic or coherent. Stakeholders described a situation of mistrust between the sectors. While both sides viewed Customs role as preventing contraband and illicit trade from entering the country, the private sector contended that the customs process was slow, inefficient, unpredictable, and not responsive to their needs. In addition, there were limited mechanisms for the private sector to provide input into Customs operations, such as sector-specific working groups with frequent and recurring meetings.

The Centre for Excellence assists in mitigating these issues (see box 2). It will strengthen Customs’ capacity to harmonize decision-making on classification, valuation, and origin of goods at the national level by enhancing the technical knowledge of Customs officials by sector. The Centre’s decisions will be enforced at the national level independent of the goods’ point of entry, contributing to the reduction of time and costs at the border, and improving overall predictability for traders. The Centre also has a responsibility to increase the coordination and flow of knowledge between Customs and business, thereby generating improved confidence in and trust between the public and private sectors. This anticipated outcome presented the Alliance an opportunity to measure predicted changes in levels of trust among the public and private sectors resulting from the project.

### BOX 2: The Centre for Excellence

Full implementation of the Centre will:

1. Harmonize the decision-making process at the national level by:
  - i. Promoting the use of advance rulings and advising the legal and customs division on the requests received from the private sector.
  - ii. Providing recommendations from the Centre to traders and border officials to clarify border procedures. These instructions are mandatory to follow, providing predictability for business.
2. Serve as a link between the public and private sector stakeholders, aiming to simplify and streamline customs operations.
3. Facilitate the discussion and adoption of best practices in logistics and foreign trade identified through public-private dialogue to improve the competitiveness of the automotive sector.



Methodology to Measure Trust

The study took place between October and December 2020, in line with the closing activities of the project. As a result, the study employed a retrospective analysis. To assess the anticipated outcome of the project on the level of trust, the main hypothesis investigated was that “the Alliance activities, through the Centre project, facilitated trust between the relevant public and private sector organisations.”

This hypothesis was broken down into four main research questions:

- 1) What is the current level and nature of trust between the relevant public and private sector stakeholders?  
How is trust in these relationships manifested in an observable way?
- 2) How has trust changed over the life of the Centre project (from pre-project 2017 to Q4 2020)?
- 3) What are the key drivers of trust between public and private sector stakeholders in the context of customs and trade facilitation?
- 4) Relatedly, how have the activities of the Alliance, and specifically the activities of the Centre project, contributed to facilitating trust between the relevant public and private sector stakeholders?

The methodology used to answer these questions was a multi-method case study approach that integrated empirical insights from interviews, a focus group, a survey, and documentary analysis (table 1). The multi-method approach allowed the strengths of certain research methods to compensate for the weaknesses of others. It further enhanced the validity and robustness of the findings by triangulating across different sources and methods.

TABLE 1: Multi-method case study approach

<p><b>INTERVIEWS</b></p> <p>22 semi-structured interviews with representatives from the public and private sectors. All interviews were conducted via video call with interpretation available for Spanish speakers.</p>	<p><b>FOCUS GROUP</b></p> <p>One focus group with 10 participants from private sector companies and business associations. Conducted in Spanish and English with interpretation available.</p>	<p><b>SURVEY</b></p> <p>A short survey was circulated to approximately 180 stakeholders via the Alliance project coordinator. A total of 37 responses were received, with 27 suitable for analysis.</p>	<p><b>DOCUMENTS</b></p> <p>A total of 44 documents were provided and reviewed. These were mostly project documents such as project reporting.</p>
--	--	---	---

The interviews and focus group gathered stakeholder views on the nature of trust and the quality of the relationship between the public and private sector now and before the project. This included determining the level of trust between the sectors, whether trust had changed over time, and if so, the drivers of that change. To anchor perceptual data in specific events and to reduce the impact of recall bias, respondents were asked to provide concrete examples to illustrate

their views (e.g., to describe how trust or distrust was evident in interactions between parties). The transcripts from the interviews and focus groups were analysed to identify dominant themes and concepts and examine the perceived causal relationship between any change in trust and the activities that drove the change.

The survey was used to help quantify the current levels of trust and obtain views on the effectiveness of various

Alliance activities in enhancing trust from a broader set of stakeholders. Survey questions were adapted from existing validated measures of trust and trustworthiness (including the three dimensions of ability, benevolence, and integrity) to align with the context, and were informed by the key insights from the interview data. A comparable representation of responses from the public and private sector was received.

# Findings

From the four data sources, the researchers were able to identify a common narrative for the position of trust over the course of the Centre project. **Overall, they found that trust between the private and public sectors in Colombia grew since the inception of the project.** This was attributed to a change in administration in the Colombian Customs Authority, with the Alliance project serving as a fresh opportunity and a catalyst for both sectors to build their relationship. This section will outline the findings of each of the four main research questions.

*"It's different nowadays. We share information, sensitive information with DIAN...The companies, and the directors of the companies, feel safe giving that information...now every week we call to report specific situations...that demonstrates that trust has increased a lot between us."*  
(Private sector interview respondent)

*"The truth is that the relationship today is a very good one because they [the private sector] feel that those bottlenecks are being addressed and being solved, the administration is being active in constantly trying to provide improvements, and this is positive for the private sector"*  
(Public sector interview respondent)

## QUESTION 1: What is the current level and nature of trust between the relevant public and private sector stakeholders? How is trust in these relationships manifested in an observable way?

The resounding theme from the interviews and focus groups was that trust between the public and private sectors improved during the course of the project. Nearly all stakeholders described an increased level of trust compared to before the Centre project, and some described it as a remarkable and significant turnaround. Many respondents shared that they had a **better understanding of the needs and interests** of the other sector, which led to greater responsiveness when concerns were raised. Interviewees from both sectors reported that **communication had dramatically improved** and was now characterized by a strong information flow between DIAN and the business associations. Furthermore, both sectors described more **common interests and shared goals**, particularly around preventing illegal trade and misconduct, with some respondents stating that interactions had become kinder and more empathetic.

Survey results also indicated increased levels of trust by both sectors, as indicated by a **willingness to rely on and share information** with the other sector (figure 1). Furthermore, the results showed a **strong perception of benevolence, competence, and integrity** by each sector of the other, reflecting the three central components of 'trustworthiness' (figure 2). The mean trust scores from the survey ranged from 5.0-6.2 (on a 7-point scale) for willingness to trust and 4.7 to 5.3 for perceptions of the other sectors' trustworthiness. A score above 5 is considered high.

In addition, survey results revealed that there was relatively **strong openness and responsiveness** perceived by both sectors (figure 3). Trust was manifested through increased information sharing and openness, increased willingness to rely on and be vulnerable to the other sector, and greater interest in collaborating to solve problems and achieve goals together.



FIGURE 2: Willingness to rely on and share information with the other sector

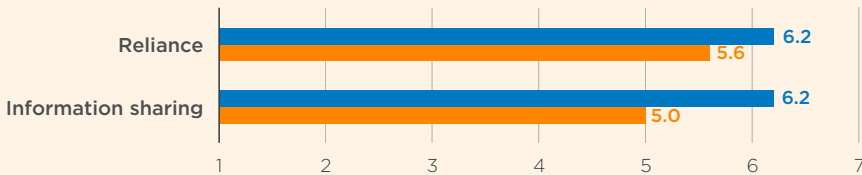
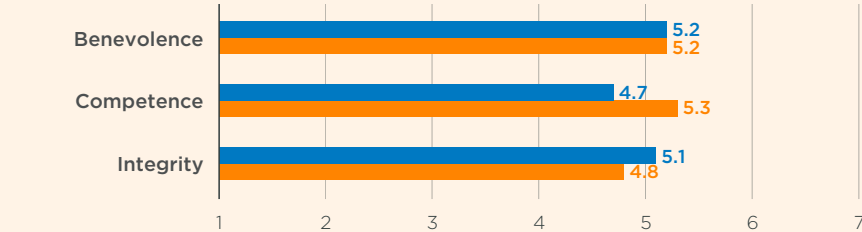


FIGURE 3: Perceptions of other sectors' trustworthiness



● Private sector views  
● Public sector views

Scale: Low 1.0-3.0; Moderate 3.1-4.9; High 5.0-7.0  
Source: Survey data

*"Clearly there has been an improvement in the levels of trust between the public and the private sectors"*  
(Public sector interview respondent)

*"[Trust] is thoroughly higher."*  
(Private sector interview respondent)

### QUESTION 2: How has trust changed over the life of the Centre project (from pre-project 2017 to Q4 2020)?

Most respondents reported that their **trust increased, and most described a significant change**. The interviews and focus group revealed that, prior to the initiation of the Centre project, there was a difficult relationship between DIAN and the private sector, with both unwilling to rely on and trust the other. Private sector respondents frequently referred to Customs as having a ‘control orientation’ and stated that there was a general lack of willingness to be transparent and acknowledge problems. For their part, public sector respondents noted that the private sector was unwilling to share information. Comparing this to the current levels of trust identified above, it is clear that significant trust has been built over the duration of the Centre project.

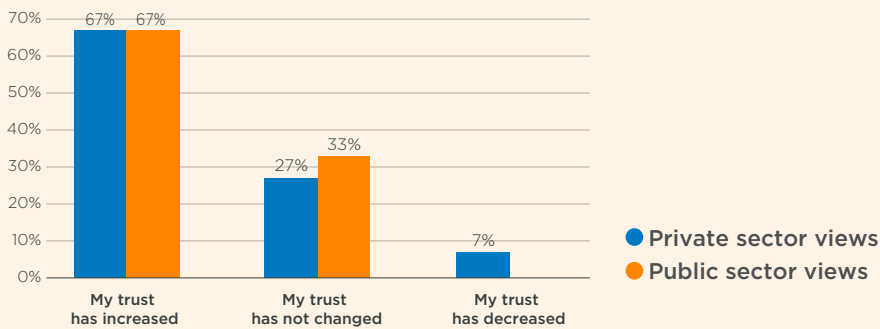
This is further reflected in the survey results (figure 4). Among the survey responses, about two-thirds of participants from each sector reported an increase in trust over the last four years. In comparison, about a third indicated that their trust had remained the same and only one participant

reported that their trust diminished over the project’s four years.

Although trust had grown, many respondents asserted that there was **room for further trust-building**. This perspective was mostly articulated by private sector respondents, stating that penalties were still too high, that inspection processes were still too complicated, and that information technology (IT) systems and regulations were outdated, which in turn hampered trust. Notably, those respondents who expressed the most negative assessments of the current state of trust were representatives of private sector

companies that had little involvement in project activities. This may be further indication that the Alliance’s project activities contributed to increased trust between the sectors. Overall, while there was noted room for development, a large majority felt that trust had improved significantly.

**FIGURE 4: Change in trust towards the other sector in the last four years**



### QUESTION 3: What are the key drivers of trust between public and private sector stakeholders in the context of customs and trade facilitation?

The responses from the interviews, focus group, and survey identified **several practices that support or erode trust in the customs and trade facilitation context** in which the Alliance operates. Practices that challenge trust include a control orientation, lack of fairness and inconsistent treatment, inefficiency and lack of capability, and being closed and unpredictable. The private sector often referred to the fact that DIAN was overly focused on inspections, audits, and revenue-raising when speaking about distrust. Conversely, practices

that support trust include developing mutual understanding and knowledge, open information sharing, establishing common interests and goals, and enhancing efficiency and effectiveness. In the Customs context, this was achieved through having the space for public-private dialogue to share openly and making progress on promised reforms. Respondents highlighted that having a successful project such as the Centre helps to build trust by showing that the two sectors could achieve concrete outcomes together.

*“There was not enough trust to be able to acknowledge [a problem] publicly”*  
(Private sector interview respondent)

*“We have a background that has to do with drug trafficking, and this has led our processes to be cumbersome, and hence part of the distrust that I was talking about.”*  
(Public sector interview respondent)

*“For many years, the private sector had felt that the government was not paying attention to their requests.... and this eroded trust over a period of time”*  
(Public sector interview respondent)

*“I believe that we’re on the right path. I believe that very dynamic working groups have been set up by DIAN and the companies, and they are also aiming at setting up that dialogue. So, it is important to create such spaces in order to further strengthen that relationship between the private sector and government agency”*  
(Private sector focus group participant)

*“We’ve been building the public-private relationship. I believe that in this specific case, what we’re doing is highly valuable because we’re breaking away from that paradigm and we’re working together in generating information which is the basis and the source for any trade facilitation process”*  
(Public sector interview respondent)

#### QUESTION 4: Relatedly, how have the activities of the Alliance, and specifically the activities of the Centre project, contributed to facilitating trust between the relevant public and private sector stakeholders?

The conclusion from the trust study is that the Alliance was a key vehicle for facilitating improved trust between the sectors, building on an emerging customer service mindset initiated by the new Customs administration. Through the fourth research question, the researchers identified **which Alliance activities contributed to trust-building**, providing relevant learnings for activities in other projects going forward. In particular, respondents provided examples of how Alliance **meetings, working groups and training sessions** contributed to increased knowledge, open dialogue and understanding between the sectors. In addition, they highlighted the importance of having **certain well-respected individuals from the Alliance** who were able to facilitate trust through strong leadership and communication skills. Finally, the respondents also shared that the ability of the Alliance to **bring in international best practice** was a significant contributor to the overall success of the project.

The survey results also captured the impact of the Centre project activities on the relationship between the public and private sectors. Participants rated the extent to which specific activities had facilitated trust between the Custom's agencies and the automotive industry.



*"They've been able to provide tools and pilot projects with measurable outcomes... the truth is that the Global Alliance has enabled us to put in place specific, concrete, tangible projects that our sector has looked at"*

(Public sector interview respondent)

*Speaking of Centre project lead: "Without [her] leadership we would not have been able to be where we are."*

(Private sector interview respondent)

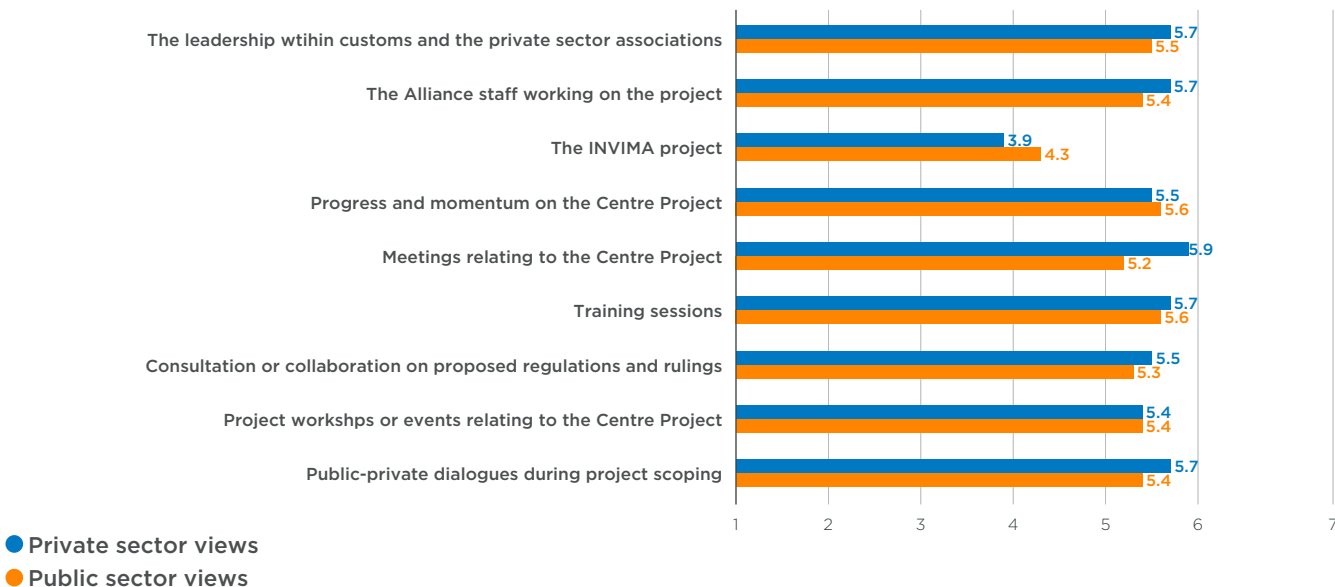
*"One day, we scheduled a training where every company made their own very good presentations. They told us how they operate, what their import schemes are, and the challenges they face. So that was a very good thing because this allowed us to better understand their problems and to understand where we should aim the work and the efforts of the Centre for Excellence. And as for us, the training that we provided about advanced rulings and the main fact of listening to them I believe that is a plus. And to know exactly what it is they need and somehow we can begin to prepare an action plan with them, in order to start improving those aspects"*

(Public sector interview respondent)

The results (figure 5) support the qualitative findings, highlighting that training sessions, progress and momentum on the Centre project, public-private dialogues, and Alliance staff were important factors in facilitating trust.



FIGURE 5: Effectiveness of Centre and Alliance activities in facilitating trust



Scale: Low 1.0-3.0; Moderate 3.1-4.9; High 5.0-7.0  
Source: Survey data



# LESSONS LEARNED AND SUCCESS FACTORS

## Building trust

This study reveals four key success factors for building trust between the public and private sectors in trade facilitation (Figure 6). First, the actors need a **space for dialogue and information sharing**. The Alliance's co-creation and co-implementation processes allowed for this openness and exchange; it was successful in bringing a wide variety of private sector entities and government agencies around the same table to share their different challenges. In particular, the Alliance was able to obtain continued support from the three key business associations related to the sector: The Automotive Chamber of the National Business Association (ANDI), the National Association for Sustainable Mobility (ANDIMOS), and the Colombian Association of Auto Parts Manufacturers (ACOLFPA). This ensured that the varied viewpoints of importers, exporters, MSMEs and large firms were accounted for – a notable achievement given the diversity and fragmentation of the actors. As the project progressed, stakeholders continued to build their engagement through project working group meetings and training events. In other countries, national trade facilitation committees can serve as platforms for such transparent, open, and honest information sharing.

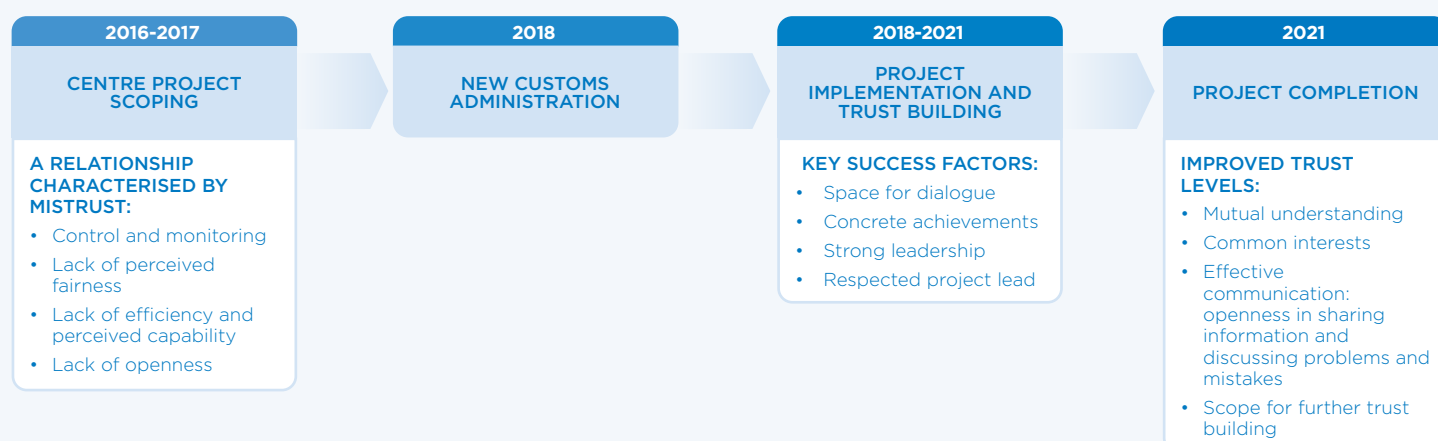
Second, the actors need a **space to achieve together**, or expressed in terms of trade facilitation, an opportunity to make progress on promised reforms. The Centre project was a key vehicle

in this sense; it enabled the public and private sectors to achieve joint 'wins' when meeting project milestones. Furthermore, the establishment of an ongoing dialogue allowed Customs to identify opportunities for improvement as well as adopt solutions proposed by the private sector. For example, the authorities have adopted the promotion and use of advanced import declarations and advanced rulings on tariff classification, origin, and valuation, and Customs is considering reforms to the transformation and assembly regime so as to further benefit importers, auto part producers, and assemblers in Colombia.

Third, there was **committed leadership by key actors** from the public and private sectors. Leaders on both sides acknowledged that the public-private relationship was an essential element in achieving reform and signalled their commitment to enhance it. For example, the Customs agency explicitly implemented a policy prioritizing a customer service approach. Furthermore, both sides indicated that leadership showed respect, understanding, tenacity and open communication. They shared that the trust-building process could be hindered by the presence of one or two figures distrusted by the others, as it had in the past. Committed leadership, combined with the space for dialogue and for joint achievement, helped to create an environment where the government was open to trade facilitation and accepted the private sector as a partner and equal in the reform process.

Finally, having a **well-respected project leader** was important to achieving the intertwined success of the project and the improved public-private relationship. In addition to providing technical trade expertise, the project leader used strong communication and relationship-management skills to continually engage the project partners. Respondents stated that the persistence of the project lead in identifying spaces for discussion was a strong contributor to success. As a result of these actions, she witnessed the growing responsiveness of the stakeholders to the workshops, activities, and proposals of the project – all signs of growing trust. This reflects that there was also a **strong level of trust between the Alliance and its key public and private partners**. The significance of the Alliance's role was embodied by the Alliance being granted an honorary role in the Colombian National Trade Facilitation Committee, whereby it can continue to listen and contribute to trade facilitation reforms. Overall, this enhances the credibility of the Alliance and will enable it to achieve additional trade reforms in Colombia and other jurisdictions.

Figure 6: The trust building process





## Measuring trust

Reflecting on the trust measurement methodology and the process to carry out the study, several key success factors become apparent. Strategically, it was essential to **work with academia to craft a viable framework** for measuring trust based on the current academic literature, allowing the Alliance to build on existing research. Moreover, it was useful to have the study **led by a neutral third party** with whom study participants could speak openly and who allowed for impartiality and unbiased results. The use of an anonymous survey also contributed to this. At the same time, it was necessary to leverage the **strong and trusting relationship between the Alliance project leader and project stakeholders**. A high level of transparency around the purpose of the study and how the data would be used when securing consent from participants was critical to completing the study with relatively high participation and response rates.

In addition, the study has revealed best practices on how to measure public-private trust going forward. While the current study used a retrospective lens to assess the changes in behaviour and relationship given the timeframe of the project, best practice would suggest the use of a longitudinal study including baseline and end-line data collection. A **longitudinal study** avoids recall bias, provides a benchmark, and explores the value of trust in project sustainability. In such a study, best practice would include the **use of a control group** to increase the robustness of causal analysis, and the **mapping of stakeholder social networks** over time to quantify the evolution of relationships. Lastly, it is recommended to use a mixed methods qualitative and quantitative approach as the limitations of each method are compensated for by the strengths of the others.



# THE NEXT FRONTIER

This paper has reviewed the concept of trust in the context of trade facilitation reform, a methodology to measure trust, and the results of implementing this methodology in the Alliance's Colombia Centre project.

For the Alliance, the next frontier of trust building will be to integrate the learnings from this study into ongoing project activities and measurement tools. This means continuing to focus on building private-public trust as a key component of our project activities, as well as robustly measuring the extent to which we are successful

at this. Furthermore, the Alliance will continue to review how it can measure other intangible benefits of its projects and activities. The Alliance emphasizes measurable impacts in its work, and it will continue to share novel methodologies and results with the trade community. Future Alliance activities will focus on:

## ENHANCING PUBLIC-PRIVATE TRUST BUILDING ACTIVITIES:

It was shown that certain Alliance activities were crucial in building trust in the Colombia Centre project and these learnings can help the Alliance to prioritise actions across its portfolio. First, the Alliance will continue to provide a space for public-private dialogue and co-creation in its projects; it will focus on fostering a trusting relationship that can continue past the closure of its projects. Second, it will continue to focus on implementing trainings and working groups that enhance knowledge-sharing and understanding between the public and private sectors. Third, businesses identified that trust grows when the public sector is seen to consistently review regulations, accept proposals to address trade challenges, and to make consistent decisions. To this end, the Alliance will continue to work with government stakeholders in Colombia on additional projects that improve the trade environment. In all its projects, the Alliance can play the role of a neutral platform to bring these priorities to the attention of the government and foster spaces for open communication and progress on reforms.

## MEASURING PUBLIC-PRIVATE TRUST ACROSS PROJECTS:

Now that the Alliance has a methodology for measuring the trust it builds between public and private sectors, it will seek to measure this on an ongoing basis in existing project measurement tools. For example, it can implement activities to measure engagement and responsiveness of stakeholders to project activities. This will allow the Alliance to better understand its ability to build trust across an array of developing and least-developed countries. As the Alliance builds and implements these measurement tools, it will share the lessons learned from integrating trust measurement into regular data collection processes.

## MEASURING OTHER 'INTANGIBLE' IMPACTS:

This study into measuring trust is only the beginning of an Alliance effort to translate 'intangible' project impacts into measurable impacts. There are other areas where the Alliance would like to pioneer methodologies that measure the impact of its work. For example, an assumed benefit of trade facilitation projects is the ability to create a more predictable trade environment for businesses, yet there is little ability to measure this impact today. As the Alliance conducts additional studies it will continue to publish the methodologies and best practices so that other trade and development organisations can benefit.





## Survey

### About You

#### 1. Which of the following best describes the organisation that you belong to or represent:

##### Public Sector

1. *Colombian Tax and Customs Authority* (DIAN)
2. *The Ministry of Trade*
3. *The Office of the President*
4. Other (please specify)

##### Private Sector

- Private sector business association
- Private sector automotive company
  - Importer / exporter
  - Vehicle assembly
  - Parts manufacturers
  - Other (please specify)

[Note, don't translate: Based on the above information, participants will be classified as either public or private sector, and will be asked questions about their trust and perceptions of the 'other' sector]

**The following questions relate to the activities leading up to the formation of the Centre (Centre Project), including the activities of the Global Alliance for Trade Facilitation (the Alliance).**

#### 1. How well do you feel you understand the activities and aims of the Centre Project?

(1 'not at all' to 7 'completely')

#### 2. For how long have you had some form of involvement or interaction with the Centre Project, or its activities?

\_\_\_ years    \_\_\_ months

#### 3. On average, how frequently do you participate in activities relating to the Centre Project or the Global Alliance for Trade Facilitation (the Alliance)?

- \_\_\_ Never
- \_\_\_ Rarely
- \_\_\_ Sometimes (i.e. a few times a year)
- \_\_\_ Quite often (i.e. every month or two)
- \_\_\_ Very often (i.e. weekly)

#### 4. Which activities relating to the Centre Project or Alliance, have you participated in? (tick all that apply)

- a) Public – Private dialogues during project scoping
- b) Project workshops or events relating to the Centre Project
- c) Consultation or collaboration on proposed regulations and rulings to establish the Centre
- d) Training sessions
- e) Other activities (please specify): \_\_\_\_\_



5. These questions ask about your perceptions of the [customs authority/private sector]. Please indicate the extent to which you agree with each of the following statements, with 1 indicating that you strongly disagree. 4 indicating you neither agree nor disagree, and 7 indicating that you strongly agree.

The [customs agency/private sector]:

strongly disagree(1) – strongly agree(7) – don't know(0)

takes our concerns seriously

understands our needs

tries hard to accommodate our interests

would not take advantage of us

adequately consults with us

operates in a co-ordinated and efficient manner

has the knowledge and expertise to do their work competently

has the tools and resources to work efficiently

is effective in the way they deal with us

collaborates effectively

treats us fairly

provides reliable, accurate information

is honest in their dealings with us

follows through on commitments

is predictable

would not deliberately withhold important relevant information

is transparent about its plans and intentions

responds in a timely way to questions and concerns

has objectives that are compatible with the interests of my organisation

is of benefit to the Colombian nation

6. How willing are you to rely on the [customs agency/private sector] to:  
not at all willing (1) – moderately willing(4) – completely willing (7)

Exercise good judgement when making decisions that affect your organisation?

Work effectively with your organisation

Abide by agreed rules, laws and standards?

Be honest?

Openly share important information when relevant?

Treat your organisation fairly?

Take your organisation's needs and interests into consideration

7. How willing are you to do the following with the [customs agency/private sector]?  
not at all willing (1) – moderately willing(4) – completely willing (7)

Openly share relevant information, even if it is sensitive?

Openly raise relevant problems or difficulties?

Share your honest needs and concerns?

**8. To what extent do you agree with the following:**

The relationship between the customs agency and the private automotive sector is characterised by:

strongly disagree (1) – strongly agree (7) – don't know (0)

- a. mutual understanding
- b. mutual respect
- c. open information sharing
- d. scepticism about the motives of the counterparts
- e. shared goals
- f. a healthy level of trust

**9. Has your trust in the [customs agency/private sector] changed in the last 4 years (i.e. since 2017, when the Alliance activities and first discussions about the Centre began)?**

- My trust has increased
- My trust has decreased
- My trust has not changed

**10. Please describe the main reasons for the change in trust.**

[open response box]

**11. To what extent have the following facilitated trust between the customs agencies and the private automotive sector? Not at all (1) – moderately (4) – completely (7)**

- a. Public – Private dialogues during project scoping
- b. Project workshops or events relating to the Centre Project
- c. Consultation or collaboration on proposed regulations and rulings to establish the Centre
- d. Training sessions
- e. Meetings relating to the centre project
- f. Progress and momentum on the Centre project
- g. The INVIMA project
- h. The Alliance staff working on the project
- i. The leadership within customs and the private sector associations
- j. Other activities (please specify): \_\_\_\_\_

**12. Please describe how the activities of the Alliance or the Centre influenced trust between the customs agency and the private automotive sector?**

[open response box]

**13. What are the most important actions that the Centre and/or the Alliance can take in the future to facilitate trust between the customs agency and the private automotive sector?**

[open response box]

**14. If you have any comments about this research or survey, please let us know.**

[open response box]

- i Mayer, R.C., Davis, J.H., & Schoorman, F.D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3): 709-734.
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). Not so different after all: A cross-discipline view of trust. *Academy of Management Review*, 23(3), 393-404.
- ii Guo, S. L., Lumineau, F., & Lewicki, R. J. (2017). Revisiting the foundations of organizational distrust. *Foundational Trends in Management*, 1(1), 1-88.
- Lewicki, R. J., McAllister, D. J., & Bies, R. J. (1998). Trust and Distrust: New Relationships and Realities. *Academy of Management Review*, 23(3), 438-458.
- iii Fulmer, C.A., & Gelfand, M.J. (2012). At what level (and in whom) we trust: Trust across multiple organizational levels. *Journal of Management*, 38(4): 1167-1230.
- iv Ibid.
- v Dirks, K.T., & Ferrin, D.L. (2002). Trust in Leadership: Meta-Analytic Findings and Implications for Research and Practice. *Journal of Applied Psychology*, 87(4): 611-628.
- Fulmer, C.A., & Gelfand, M.J. (2012). At what level (and in whom) we trust: Trust across multiple organizational levels. *Journal of Management*, 38(4): 1167-1230.
- vi Davis, J.H., Schoorman, F.D., Mayer, R.C., & Tan H.H. (2000). The trusted general manager and business unit performance: Empirical evidence of a competitive advantage. *Strategic Management Journal*, 21, 563-576.
- vii Salamon, S.D. & Robinson, S.L. (2008) 'Trust That Binds: The Impact of Collective Felt Trust on Organisational Performance. *Journal of Applied Psychology*, 93(3), 593-601.
- viii Simons, T. 2002. The high cost of low trust. *Harvard Business Review*, September.
- ix Dietz, G., & Gillespie, N. (2011) *Building and repairing organisational trust*. London: The Institute of Business Ethics
- Dietz, G. & Gillespie, N. (2012). *The Recovery of Trust: Case Studies of Organisational Failures and Successful Trust Repair*. London: The Institute of Business Ethics.
- x Stevens, M., MacDuffie, J.P., & Helper, S. (2015). Reorienting and Recalibrating Inter-organizational Relationships: Strategies for Achieving Optimal Trust. *Organization Studies*, 36 (9): 1237-1264.
- xi Fulmer, C.A., & Gelfand, M.J. (2012). At what level (and in whom) we trust: Trust across multiple organizational levels. *Journal of Management*, 38(4): 1167-1230
- Seppänen, R., Blomqvist, K., & Sundqvist, S. (2007). Measuring inter-organizational trust—a critical review of the empirical research in 1990–2003. *Industrial Marketing Management*, 36(2), 249-265.
- xii United Nations Economic Commission for Europe (UNECE). (2015). *Consultation Approaches: Best Practices in Trade and Government Consultation on Trade Facilitation Matters Recommendation 40*. Retrieved from: [https://unece.org/DAM/cefact/recommendations/rec40/ECE\\_TRADE\\_423E\\_Rec40.pdf](https://unece.org/DAM/cefact/recommendations/rec40/ECE_TRADE_423E_Rec40.pdf)
- xiii Colquitt, J. A., Scott, B. A., & LePine, J. A. (2007). Trust, Trustworthiness, and Trust Propensity: A Meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology*, 92(4): 909-927
- Fulmer, C. A., & Gelfand, M. J. (2012). At what level (and in whom) we trust: Trust across multiple organizational levels. *Journal of Management*, 38(4): 1167-1230.
- Gillespie, N., & Dietz, G. (2009). Trust repair after an organization-level failure. *Academy of Management Review*, 34(1): 127-145
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3): 709-734
- Schoorman, F. D., Mayer, R. C., & Davis, J. H. (2007). An Integrative Model of Organizational Trust: Past, Present, and Future. *Academy of Management Review*, 32(2): 344-354.
- xiv The World Bank Data Indicator. Retrieved from: <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?end=2019&locations=CO-ZJ&start=2000&view=chart>