THE IMPACT OF EXTERNAL DONORS ON NGO PRACTICE AND POLICY-MAKING

ABSTRACT: Different views exist regarding the relationship between international aid donors and recipient organisations. International donors are either seen as essential actors for democratising societies or as external interventions that further advance the interests of certain groups. Using Serbia as a case study, this paper argues that by analysing the structure of donor-recipient relationships, a more nuanced understanding emerges based on an analysis of the formal and informal mechanisms that link donors and actors. To reach this understanding, an initial case study of a donor organisation, the United Nations High Commission for Refugees (UNHCR), is conducted. By undertaking a network analysis of donor-recipient relationships on UNHCR funded programmes, the agenda setting power of donor organisations is demonstrated. This initial analysis demonstrates how financial capital first links these groups. Over time, financial capital crystallises into social capital that sustains non-governmental organisation (NGO) ‘cliques’. Advancing this initial analysis, a second stage of network analysis demonstrates how NGO cliques interact with an organisation capable of influencing government social inclusion and poverty reduction policy. In reflecting on these actor networks, it is demonstrated how social capital constituted through both formal and informal linkage, remains crucial for the UNHCR to implement its objectives, for NGOs to ensure their continued relevance and for government actors to obtain policy advice.

KEY WORDS: Social capital, Formal, Informal, NGOs, policy-making, social network analysis (SNA).

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Uticaj inostranih donatora na praksu NVO i kreiranje politika

APSTRAKT: Postoje različiti pogledi na odnos između donatora međunarodne pomoći i organizacija koje tu pomoć primaju. Na međunarodne donatore se gleda ili kao na suštinske aktere demokratizacije društva ili kao na spoljnu intervenciju koja štiti interese odrđenih grupa. Koristeći Srbiju kao studiju slučaja, ovaj tekst tvrdi da se kroz analizu strukture odnosa između donatora i primaoca zasnovanu
Introduction

This paper seeks to explore the relationship between external aid donors and NGOs, before demonstrating how these connected actors help construct Serbian government social inclusion policy. The findings of this paper suggest donors use both formal and informal linkage, to advance their interest and that the conduits through which the various actors interact helps create new policy agendas based on aligned donor-recipient interests. Before undertaking empirical analysis of donor-recipient relationships, a brief overview of the literature will be referenced to situate a particular understanding of formal and informal practice as an interlocking features of formal sector activity. Following this, an overview of this study’s methodology will be presented. Subsequently, the empirical findings of this paper will then be presented in three phases.

The first phase of analysis demonstrates how financial capital helps donors achieve their objectives by looking at a case study of the donor organisation, the United Nations High Commission for Refugees (UNHCR). This case study demonstrates how financial capital is distributed to select NGOs. This allows NGOs to build formal linkage with the donor and other NGOs working on specific donor programmes. Over time, this formal linkage intersects with patterns of informal practice that help sustain donor networks and encourage collaboration between network actors to shape policy, in the absence of further financial capital.

The second phase of analysis demonstrates how the collaboration and interlocking formal and informal linkage between NGOs, connects like-minded NGOs. These connections form networks of interaction or cliques. These cliques
sit at the interface of the nexus between donors, NGOs and the policy unit. Donors rely on these cliques to implement programmes and government actors seek their input as they are recognised for their expertise.

The third phase of analysis presents a case study of a government unit responsible for formulating social inclusion policy. This organisation collaborates with NGOs selected from the donor-based clique. During the consultation process, selected NGOs are allowed to transfer specific practices and norms first diffused by the donor to shape the formation of social inclusion policy. These practices and norms have been diffused into social networks through a combination of formal and informal practice that links actors.

In reflecting on these findings, this paper presents a more nuanced view of the relationship between donors, NGOs and government institutions. In particular, the interlocking relationship between formal and informal patterns of practice is presented as a mechanism that helps certain actors realise their objectives and subsequently shape policy. The findings of this paper suggest social networks that are contingent first on formal linkage, subsequently make extensive use of informal interaction. The result of this is the emergence of organisational cliques that constitute the key conduit through which donor, NGO and government objectives are realised.

Conceptualising Formality and Informality

Much of the existing scholarly literature has focussed on the formal links between donors, NGOs and governments. Typically, studies have sought to analyse compliance with formal criteria. In doing so, formal practice that creates patterns of interaction linking actors is seen as the only residual element of formal sector dynamics. Consequently, the role of informal practice in creating patterns of interaction that links actors has been overlooked. By presenting the interlocking relationship between formal and informal practice within a formal policy sector, this paper contributes to an emerging body of literature that suggests informal practice is not confined to informal sector activity. It argues that the formal sector relies heavily on the interweaving of formal and informal practice to create interlocking social relationships. The complexity of this relationship and crosscutting relationships between formal and informal elements, demonstrate how networked actors make use of formality and informality as part of their organisational strategy. Bringing informal linkage into an analysis of policy networks challenges the perception that informal linkage is a residual feature of only informal sector activity. Instead, informality is presented as a mode of interaction that forms a key feature of formal sector policy processes.

Before demonstrating how informal practice constitutes a distinctive feature of the formal economic and administrative sector in Serbia, formal and informal practice must first be defined. It is important to consider distinctions between practices as ideal types. As noted by Pierre Bourdieu, the nature of an event and the social status of an actor in relation to the situated social nature of a practice
does much to determine how it is perceived by others (Bourdieu, 1990, p.36). Working with generic categories of formal and informal practice can however provide working conceptual categories for the purpose of analysis.

Formal practice is defined as behaviour and procedure that takes place in accordance with codified rules and within hierarchical form of linkage (Lin 2002, p.35). Formal practice largely takes place in accordance with regulated procedure. Because a powerful actor such as the state normally enforces procedure, it is commonly assumed all formal practice takes place in accordance with legalised rules, although this may not always be the case (North 1995, p.23). Informal practice is defined without reference to formal criteria and tends to escape formal control(Wenger 1998, p.118). With informal practice, a social situation that comprises a particular field of activity creates a backdrop in which various actors possess a ‘natural feel’ for how to act (Bourdieu, 1990, p. 80). For example, many employers learn to do their jobs more efficiently in a way not laid out in work-based manuals or controlled by formal regulation. This deviation from formal expectations of practice often occurs because informal practice is more operationally efficient (Brown & Duguid, 1991, p. 43).

An approach that understands informal practice to be a constitute feature of formal sector dynamics, makes a clear distinction between formal and informal practice and formal and informal sectors of activity. Formal sectors have typically been defined as structures in which participant position is defined independently of the relations between participants, usually by written procedure(McEvily, Soda, and Tortoriello 2014, p.305). The type of development projects supported by donors and the public administration process of government institutions aligns with the criteria of a formal sector. Formal sectors are regulated, recorded and visible to the public eye (Böröcz, 2000, p. 124). In contrast, informal sectors are defined by unregulated networks where actor centrality, popularity and implicit leadership, determine power relationships as opposed to hierarchical order informed by written procedure (McEvily, Soda, and Tortoriello 2014, p.305). A binary formal-informal sector division for purposes of empirical analysis remains an analytical ideal type. In reality, a growing body of research in international political economy (IPE) (Phillips, 2011, pp. 380–397, Williams, Round, and Rodgers 2013, p.104) and political sociology (Adler-Nissen 2012, p.115), demonstrate the intertwined nature of formal and informal sectors and the manner in which informal sector activity remains constitutive to formal sector activity. Distinguishing formal and informal sectors is important however to isolate a specific area of activity for analysis.

This paper examines a formal sector of activity by looking into actor networks in the field of social inclusion policy. Focussing on this formal sector requires taking into account both formal and informal practice as constitutive features. Despite this being the case, typical accounts based on Weberian notions of bureaucracy tend to associate formal sector activity solely with formal practice or at the very least, as the only legitimate logic of practice for formal sector activity (Bandelj 2016, p,103). Formality and informality when studied in the generic sense requires understanding that formal and informal practice
takes place across formal and informal sectors of activity. Neither sector utilises a single logic of practice. The range of practice that cut across each sector is conceptualised in table 1.

Table. 1: Conceptual grid for mapping the range of practice that occurs across formal and informal sector activity.

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<tr>
<th>Range of Practice</th>
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Source: Author created.

Cases of formal practice that link actors in formal donor programmes are clearly evident in the interaction between donors and NGOs. For example, donor conditionality is a formal relationship built on highly regulated practice that links donors and other actors. Under conditionality, financial capital is made available on the condition that recipients will meet certain criteria. Often, some form of legally binding document is signed to hold the recipient of aid to account and to ensure compliance with the donor’s criteria. Once an organisation is linked to a donor through conditionality, it is subject to external monitoring and evaluation by the donor. This process is designed to ensure recipients comply with the formal rules and conditions under which aid disbursement has been agreed (Burnell 1994, 497–498). Continued receipt of capital requires recipients continually meet benchmarks and a failure to comply is usually met with a withdrawal of capital or other forms of enforcement. This type of formal linkage is useful for donors as it allows them to ensure the effective implementation of their economic, ideological, strategic or political interests (Dijkstra & White, 2013, p. 11)

Typically, donors have provided large sums of financial capital to the transitioning countries of the Western Balkans in the form of capacity building projects that are underpinned by conditionality. These projects are designed to create new institutional configurations that allow transitioning regions to integrate regionally and globally (Ganev, 2005, pp. 425–445). Support for state building projects by the likes of the UN institutions, World Bank and EU in this region, has been initiated on the basis of conditionality and as such, donors have attempted to coordinate action through formal notions of practice to regulate these programmes. However, despite the extensive use of formal mechanisms within the delivery of donor programs, social capital has also played a significant but understated role.

Social capital can be defined as the number of social connections a particular actor possesses and the value of each tie for achieving that actors objectives (Al-Tabbaa, Leach, & March, 2013, pp. 657–678). Social capital often bridges the formal and informal practice spectrum because social ties often connect actors both formally and informally. Because capital that connects actors in social
networks occurs as a result of linkage through formal and informal practice, social networks that form on the basis of social capital must take into account both formal and informal network relationships. This is necessary to consider the methodological considerations of analysing social networks. For this reason, the subsequent methods section outlines the use of a questionnaire to identify formal and informal practices that link actors in social networks. Prior to this, further context must be provided on the context of donor aid delivery and more specifically, the delivery of social inclusion programmes in Serbia.

**Changing Patterns of Aid Delivery in the Context of South East Europe**

Traditionally in the delivery of social inclusion programmes, donors have emphasised the need for programmes to go through highly regulated procedure governed by clear lines of accountability between donor and recipient. Traditionally, evaluation mechanisms sought to identify and evaluate programmes on the basis of whether the formal objectives of the donor were met. Problematically, this method of delivery and evaluation failed to take into account the objectives and social networks of aid recipients (Berlage and Stokke 1992, p.7). For this reason, it became commonplace for donors to view the unexpected behaviour of recipients negatively and to assume that the informal relationships recipients held with other actors undermined the delivery of programmes.

Consequently, donors typically understood informality to exist in a symbiotic relationship with inefficiency. This ran counter to the fact that in many cases, informal links between actors actually served as the most efficient means to overcome efficiency problems. As Badescu and Uslaner (2004) note in their research on social capital and democratisation, social capital networks may be formal or informal (Badescu and Uslaner 2004, p.201). Their research outlines the role that small but intense informal relationships play in the context of Serbia. More generally, their work points to the role informality can play in ‘spilling over’ certain interests and values into more formal areas of political activity (Badescu and Uslaner 2004, p.201). On this basis, informality should be viewed as a necessary component for changing formal practice and delivering programmes in accordance with formal criteria.

Despite the positive role informality can play when recognised as a mechanism through which values and interests can be channelled, donors have tended to conflated an understanding of informality and inefficiency. In reality, unintended outcomes are a result of many factors and can include the limited capacity of actors to meet donor requirements, poorly defined procedure and inefficient rule of law systems to regulate practice (Nugent and Sukiasyan 2009, p. 427). The assumption that deviant outcomes are equated predominantly with informality and not other factors related to efficiency stems largely from the misconception held by western donors that informal practice constitutes to dominant modus operandi in the transitioning context of the Western Balkans (Grzymala-Busse & Luong, 2002, p. 530).
A more nuanced understanding acknowledges both the presence of substantive patterns of formality and informality. This understanding suggests informality is unavoidable because through the delivery of their programmes, donors create social networks that inevitably produce informal ties between actors over time (Mosley, Hudson, and Verschoor 2004, p. F220). In explaining when and why actors resort to formal or informal practice to achieve their objectives, Ledvai and Stubbs (2009) argue that actors resort to informality to overcome situations where influence through formal channels may be limited (Lendvai & Stubbs, 2009, pp. 683–684). This account of formal and informal action is useful for understanding the reasons why informality may take precedence over formal practice. Furthermore, in offering a practical account of why informality occurs that is removed from any normative connotation or assumptions.

A shift in the rhetoric and practice of donor organisations has suggested that informality has undergone a reconceptualization. Many contemporary donor programmes rely on working through NGO networks as part of a strategy to compliment conditionality programmes and transform institutional structures, governance norms and political behaviour in target countries (Lendvai and Stubbs 2009). When engaging with these actors, donors make use of social capital that is constituted by formal and informal practices that link NGOs. In regards to the field of social inclusion, many donor programmes are now increasingly working through networks to deliver programmes. Before turning to the work of the UNHCR, an example from donor activity in the field of social policy is necessary. Such an example can help to place this paper in a broader context of donor activity in Serbia.

The UNHCR and UN family are not the only international organisations active in Serbia. The OSCE is an active donor in Serbia and funds substantive social inclusion programmes. In Serbia, the OSCE makes extensive use of horizontally organised actor networks to respond quickly and deliver programmes effectively. This is particularly the case in regards to programmes that are funded through the OSCE’s ‘human dimension’ (OSCE 2016a). As an international organisation providing assistance, the OSCE encourages local actors to submit proposals and works with domestic NGO networks to carry out funded interventions. Furthermore, the OSCE also works extensively with domestic NGOs to evaluate policy areas and co-produce reports. This is evident by the large number of programme evaluations that are co-collaborations between the OSCE and partner NGOs (OSCE 2016b). Operating in this manner necessitates placing a significant degree of trust in domestic NGOs to implement programmes and undertake various evaluations. Such an approach recognises the need to collaborate with NGOs to achieve common objectives. Furthermore, NGOs are well placed to take into account complex local issues donors themselves may be unaware of. Consequently, the OSCE seeks to make use of social ties to build social capital with implementing partners. Doing so builds trust and increases the likelihood of programmes meeting the OSCE’s objectives because of mutual trust between the OSCE and partner NGOs (Cohen and Prusak 2001, p.28).
This shift by the donor community towards working within the social contexts of specific political environments has been driven by two factors. First, it has been initiated by donors who have realised a need to modify their delivery strategies depending on the manner in which actors operate and the specific ways in which social leverage manifests in different contexts (Horký 2012, p.20). Second, an increasing diversity in the number and type of actors participating in the delivery of donor programmes restricts the direct control donors have over project delivery (Williamson 2009, p.27). As a consequence, aid programmes are more dispersed, decentralised and less structurally driven than the patterns of engagement that occurred in Central and Eastern Europe (CEE) and South East Europe (SEE) during the late 1990s and early 2000s (Drahokoupil, 2009, p.148). In this context of an increasingly fragmented, networked and horizontally organised landscape of actors, linear relationships between donors and recipients are rare. Instead, donors often operate as part of extensive actor networks where social ties between actors act as conduits for the delivery of aid programmes (Inkpen and Tsang 2005, p.174). With this in mind, social capital that crosses the boundaries between formal and informal linkage is being revisited as a strategic tool available to donors.

Consequently, international organisations and bilateral donors have engaged in a strategic shift that increasingly utilises social capital in horizontal actor networks. These networks blend formal and informal patterns of practice into a single interlocking conduit, through which activity can be channelled. In doing so, donor organisations have sought to make use of existing patterns of interaction and personal relationships among key actors (Banks, Hulme, and Edwards 2015, pp.707–718). These patterns of interaction are used to support formal programmes of aid disbursement and social reform. This technique, when used in tandem with formal conditionality, is suggested to be an effective means through which donors can effectively socially engineer certain values and norms within target countries (Joseph, 2012).

There remains a need to ascertain whether such actor networks exist in the social inclusion policy field within Serbia. In particular, further research is necessary to understand how actors behave in networks and how network actors achieve their objectives. In ascertaining the nature, purpose and success of actors in social inclusion policy networks, this paper compliments existing research of Serbian policy networks. One such influential study is that of Vuković and Babović (2014). Their research demonstrates that in the context of Serbia, the extent to which social interests can be articulated through actor networks influences the scope and extent of a policy network. In the case of social welfare reform policy for example, professional groups that could efficiently organise their interests through social networks, formed extensive policy networks that dictated the institutionalisation of new policies. In this case, they key role played by international donors was the dictation of ideological direction in the policy field (Vuković and Babović 2014, pp.18–19). The findings of this paper support this perspective and provide empirical evidence that demonstrates how a major donor, the UNHCR, embeds its ideology and objectives in actor networks.
through formal association and extensive informal social interaction. Before presenting this evidence, the methodology used to empirically assess the role formality and informality plays in actor networks will be presented.

**Methodology**

In regards to methodology, reviewing the UNHCR’s activity from 2009 to 2014 and ascertaining which actors worked on the implementation of UNHCR programmes, required speaking to the UNHCR to ascertain who its key project partners were. Having a list of these organisations then allowed for an observation of which NGOs appeared in both the UNHCR’s donor network and the subsequent policy network. Questionnaires were distributed to these NGOs that asked them to reveal additional organisations they cooperated with. This allowed the boundary of the actor network to be expanded and significant NGOs not present in the UNHCR network to also be identified.

In regards to the analysis of policy networks, a ‘snapshot’ comparison between two periods is based on the policy lifecycle of two interlinked policy strategies put forward by the Serbian government in the field of social inclusion (Government of the Republic of Serbia, 2011). These periods were 2009–2011 and 2012–2014 respectively. The UNHCR was active as an advocacy agent in the policy field of social inclusion from 2009–2014, particularly in regards to the social inclusion of internally displaced peoples (IDPs) and migrants. Comparing interaction in two periods of time was deemed necessary to ascertain whether significant changes in actor networks would occur or whether networks remained largely static across the given period. Social network analysis constitutes a quantitative approach given it demonstrates the relationship between multiple units of analysis. In this paper however, the revealed actor networks were comprised of a limited number of actors. To elaborate further on these smaller networks, extensive questionnaires were distributed to various organisations to add qualitative depth.

In particular, questionnaires sought to elaborate on the role of social capital and the manner in which formal and informal linkage occurred in programme delivery. Surveyed organisations were asked to elaborate on their organisation’s work and their interaction with other organisations through a structured questionnaire. The organisations represented in the subsequent analysis were only considered significant actors in the policy field if they were consulted on more than five occasions by the policy unit. This was important to filter out less significant organisations given the extent to which the unit collaborates with NGOs. The perceived value of a tie to another organisation is denoted in the labelling of network ties ranging from 1–5. Tie value was obtained through the use of Likert scale responses with 1 being very unimportant, 2 unimportant, 3 neither important nor unimportant, 4 important and 5 very important. Organisations were profiled through document analysis and questionnaire responses to reveal their material capacities, such as organisational size and
financial resources. This was then contrasted with their social capital. Social capital was measured in terms of whether an NGO was a member of a relevant consortium, network or other collaboration. In total, 20 organisations were consulted and responded with completed questionnaires. This was supplemented with a document analysis of the network organisations via desk-based research.

UNCINET and its integrated NetDraw feature were used to visualise the actor networks (Borgatti, Everett, and Freeman 2002). These networks are based on a series of Multidimensional Scaling Measures (MDS), generated by computing Classical Methods to display similarities between actors. The underlying algorithm for MDS method is such: $D_{ij} = \text{distance between actors is a distance with relationship between the observed distances and the true distances, denoted } \delta_{ij}$. $E_{ij}$ represents errors of measurement and $f(x)$ is an unknown, monotonically increasing function (Borg and Groenen 1997):

$$d_{ij} = f(\delta_{ij} + e_{ij})$$

How Donors set their Agenda

The UNHCR provided insight into the type of actors it works with and how it seeks to ensure aid recipients implement projects effectively. By negotiating the terms of aid disbursement, the UNHCR imposed specific criteria that directed NGOs into particular patterns of interaction. The amount of financial capital delivered by UNHCR programmes was however limited and often not enough to ensure the central operational capacity of an NGO. Donor directed programme delivery encouraged NGOs to make use of social ties and to form a network with NGOs that share their objectives, in effect pooling the resources of NGOs. Once formed, NGO networks locked actors into relationships of cooperation and dependency and made use of informal practices to maintain the ties between actors and achieve certain objectives.

Analysing the UNHCR and the network of actors that constellate around it demonstrates that formal linkage created through financial capital first links organisations before informal linkage and social capital helps sustain patterns of interaction. The UNHCR's main activity in Serbia since 2000 has been primarily concerned with resolving issues of internally displaced peoples (IDPs), advocating for the implementation of a more sophisticated asylum processing system in Serbia and encouraging the inclusion of minorities from refugee and migrant communities. These activities overlap with the broader UN agenda of supporting the development of human rights in target countries. The use of social capital as a form of formal and informal linkage helps a donor like the UNHCR embed its agenda within actor networks. From the recipient perspective,

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2 Interview with UNHCR Belgrade.

3 It should be noted the UNHCR’s agenda in Serbia changed rapidly in 2015 with the onset of the refugee crisis in Europe. Given the data for this paper was collected in 2014, the crisis was not yet affecting the UNHCR's work in Serbia.
social capital is particularly important for NGOs who receive less financial capital, as they can build personal connections through social channels. Social networking facilitates collaboration with high financial capital NGOs. Figure 1 displays this initial network and shows the interaction between donors and NGOs through the formal delivery of aid programmes. This delivery is formal as it relies on a merit based application system in which organisations are in the first instance invited to apply to funding programmes. Furthermore, responses from the donor and the NGOs it interacts with outline the strict regulations and criteria organisations are held to account by. For example, an organisation cannot receive UNHCR funding on a specific delivery programme if it is already receiving funding from another body. Other donors such as the EU will only provide funding if another donor will part-match funding in that area 4.

The following analysis presents two different networks. The first two figures concern the network of the UNHCR donor programme. The second two figures and second network analysed is the social inclusion and poverty reduction policy network of the Serbian government. These two networks are presented in this order to demonstrate the following relationship. The UNHCR first initiated through a formal call for applications a socialisation process of interaction. NGOs then informally linked with other like-minded NGOs through a combination of formal and informal practice. These NGOs then created networks allowing them to work towards achieving the donor's objectives. A consequence of this socialisation process was that over time, the UNHCR's social inclusion objectives were diffused into a network of actors linked formally and informally. Second, these actors who now shared similar objectives, used their acquired capital and connections obtained through their interaction in the UNHCR donor network to influence domestic social inclusion policy. These actors are able to ensure their inclusion in this policy network because the Serbian government's policy consultation process seeks to consult NGOs that are perceived as expert in the field. Whilst these NGOs are seen as expert due to their formal activity in the policy field, informal linkage and personnel connections are also important. NGOs that first connected in the donor network are likely to recommend the inclusion of the NGOs they interacted with on UNHCR programmes to the government unit on the basis of existing personal ties, as well as the formal expertise of these preferred network partners. These NGOs and the UNCHR all shared a similar ideological position in the field of social inclusion that in particular, emphasised the need for minority and vulnerable group inclusion.

The UNHCR first selected NGOs to cooperate with that shared its perspective and organisational goals. The subsequent social networks created between the UNHCR were built on certain values concerning human rights and social inclusion. NGOs that cooperated with the UNHCR shared its values and incorporated other like-minded NGOs into the network through a combination of formal and informal practice. Formally, these NGOs connected with other

4 Questionnaire response from an NGO director.
NGOs on shared programme delivery. An extensive analysis of the UNHCR actor network demonstrated that many NGO members shared similar values concerning human rights and social inclusion. Furthermore, many leading staff members shared professional and educational backgrounds that likely resulted in a sharing of perspective and the creation of inter-subjective understanding. This initial actor network of all NGOs that formed part of the UNHCR’s social network, including those that do not operate specifically in the field of social inclusion, is presented in figure 1.

Figure. 1: UNHCR social network of NGOs. Questionnaire responses confirmed that in this network, NGOs are linked to the UNHCR primarily through formal linkage and programme implementation. Over time however, these organisation continued to collaborate in other areas and built relationships with one another, fostering trust.

Of particular interest in this initial network is a specific constellation of actors that associate extensively with one another, visible in figure 2. In effect, NGOs who associate with a specific donor subsequently form a clique. A clique can be defined as a collection of actors, all of whom all choose to associate with each other, who generally express reciprocal ties with one another and tend to interact more substantially with clique actors, than other actors in a social network (Wasserman and Faust 1994, p.254). The formation of a clique limits the possibility for none-clique actors to enter a network of interaction as relationships become embedded. The evidence presented in the subsequent network diagrams, suggest that the actors that first interact with one another in

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5 Indicated through submitted questionnaire responses from the UNHCR and NGOs.
the UNHCR’s social network formed a clique that operates in the field of social inclusion policy. On the one hand, cliques tend to exclude non-clique NGO’s from the policy advocacy process given clique NGOs work together in their own network to help steer policy creation. On the other hand, NGO cliques represent a reliable group of actors that trust one another and the UNHCR can count on to support it in its broader advocacy and implementation projects in the field of social inclusion (Scott 2012, p.23). The creation of a clique is confirmed by the extensive collaboration between organisations that are connected first in the UNHCR’s funding network and the strong ability of these NGOs to influence the policy process, as indicated by tie strength to the policy unit.

Given the following policy networks demonstrate that participating NGOs overwhelmingly had formal and informal ties to the UNHCR, it can be strongly implied that the created clique was well positioned to influence the policy process. Whilst formal linkage in the form of programme implementation initially introduced many of these organisations to one another and provided them with the resources needed to operate (as demonstrated in figure.1.), informal linkage and social connections played a key role in linking NGOs in subsequent policy advocacy. Initial interaction on project implementation allowed many of these NGOs to form personal connections and meet NGOs that shared a similar perspective and advocacy position. The initial use of formal linkage on project implementation and its evolution into informal linkage based on social connectedness, demonstrates how formality and informality interlock within formal sectors of interaction into complex patterns of behaviour, that form part of NGO strategy to influence relevant policy fields.

Questionnaire responses further supported how the initial formal linkage that introduced NGOs to one another crystallised into relationships of informality. Formal association was typically followed by patterns of informality. This included personal interactions between individuals in private and the association of individuals at professional events6. Informal linkage provided a less costly and more sustainable mode through which the UNHCR could deliver its programmes. Informal linkage was particularly important for low financial capital NGOs to overcome their financial limitations as it allowed them to collaborate extensively with network actors that possessed high financial capital. High financial capital NGOs and the UNHCR also gained from informal linkage with these low capital NGOs who in exchange for their inclusion, supplemented other NGOs and the UNHCR with their expertise on particular policy issues.

Relationships between NGOs were often determined by the fact NGOs shared common objectives. Whilst the NGOs worked broadly within the field of social inclusion policy, NGOs recognised the value of socialisation for working with NGOs in an area they lacked expertise. For example, interview responses indicated that legal aid NGOs would often work with NGOs providing housing to ascertain where the current legal framework needed revising. NGO’s relied on informal interaction with other actors to assess the policy field and formulate strategies that could achieve their objectives. 7

6 This was indicated in the majority of questionnaire responses submitted by NGOs.
7 Questionnaire responses from NGOs.
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Figure 2. Demonstrates a clique of actors visible in figure 1. The NGOs circled are significant given that they appear and interact extensively in the subsequent policy network. This indicates the government relies on these NGO cliques for external expertise.

It has been shown that donors make use of formal linkage and informal linkage to create networks of like-minded organisations that seek to advance shared values and realise common objectives. The actors identified in figure 2 can be considered to from a clique given the reciprocal ties between each NGO. By working together, NGOs in this clique were able to strongly influence the policy network presented in the following section. The clique in figure 2 is shown to provide a ready-made pool of expertise from which the policy unit can consult. This NGO network is recognised for its expertise and crucially, is trusted by the policy unit due to extensive social ties between the unit and NGOs.

The Impact of Formal and Informal Linkage on Government Policy Processes

Analysing a case study policy area demonstrates the manner in which NGO cliques are selectively chosen by the policy unit based on their perceived expertise. Expertise is evaluated in two ways. First, government organisations may seek the advice of external parties through open consultation programmes. In addition to

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8 Questionnaire responses from the NGOs located in the clique identified in figure 2 indicated they worked with selected NGOs on the basis they trusted these NGOs. This trust was based on shared personal connections, the amount of time NGOs had been collaborating with one another and the primarily function of that partner NGO.
this, the expertise of specific NGOs is gathered on the basis of informal linkage. Association of individuals, word of mouth and personal relationships, bring certain NGOs to the attention of government actors. Many of the organisations brought to the attention of the Serbian Government's Social Inclusion and Poverty Reduction Unit (SIPRU) are visible in the previously identified social network. This demonstrates how this social network formed a powerful clique that carried forward donor objectives and created a pool of expertise that the unit could call upon. NGO cliques are therefore crucial, acting as the conduit through which donor objectives are realised and from which government can select its external expertise. This is significant as it demonstrates how social networks formed first on the basis of formal practice and then sustained through informal practice, created networks of interaction that result in the transfer of donor ideology and objectives.

Nearly all organisations identified in figure.2 were involved in the consultation processes surrounding the creation of a new government Poverty Reduction and Social Inclusion Strategy from 2009–2014. The Office of the Deputy Prime Minister for European Integration coordinates with the unit responsible for formulating this strategy, the Social Inclusion and Poverty Reduction Unit (SIPRU). Social inclusion policies are formulated on the guidelines of best practice approaches in Europe (Government of the Republic of Serbia 2014b)(Government of the Republic of Serbia, 2014b). As a consequence, SIPRU is likely to work with NGOs who not only understand the practical realities concerning social inclusion issues in Serbia, but also NGOs who have had significant contact with Western donors and are likely to want to promote the best practice examples SIPRU desire. This formal criterion explains why many of the organisations featured in figure.2 are visible in figure.3 and figure.4, given that they meet the expected criteria.

An organisation's practical know-how, personal connections and word of mouth are also important for bringing NGOs to the attention of SPIRU and ensuring their inclusion in the consultation process. Organisations are brought to the attention of SIPRU through extensive social interaction between the NGO and government sector. The ability of an NGO to promote itself as expert in the field therefore relies on an NGO participating in the informal practices and social life of a specific field. In effect, SIPRU sought organisations that could diffuse European practices into the Serbian context but such organisations were often brought to attention through self-promotion, social networking, word of mouth, personal relationships and other patterns of informal interaction9.

Figures. 3 and figure. 4 represent two stages of the consultation process that eventually led to the formulation of SIPRU's Social Inclusion and Poverty Reduction Strategy. The first consultation phase took place from 2009 to 2011 and the second from 2011 to 2014. By gathering data on the key actors involved in the network across two consultation periods, a change in actor composition could be accounted for. The actors who are included as a consequence of their association in the clique presented in figure.2 can be identified through their connection to both SIPRU and the UNHCR. The predominance of UNHCR organisations can partly be explained by the ability of the UNHCR to promote specific NGOs as expert partners10.

9 Questionnaire response from SIPRU.
10 Interview response UNHCR Belgrade.
Figure 3: SIPRU consultation network 2009–2011
Figure 4: SIPRU consultation network 2011–2014.
SIPRU sought NGOs who are familiar with particular practices and who can promote policies that more closely align Serbian social inclusion policy with that of Europe. This aligned their objectives with the aims of the UNHCR. SIPRU worked with NGOs it trusted to help it formulate its desired policy. Trust was primarily built through social ties in networks and network actors established trust through extensive social interaction.

To understand why the UNHCR NGO clique is predominantly represented in the government’s consultation process, the purpose of SIPRU’s work must further be explored. In it’s work, SPIRU sought to meet verifiable indicators of increased social inclusion among vulnerable groups, increased inclusivity of minorities in the European integration process and a decrease in the national poverty rate (Government of the Republic of Serbia 2014b). To achieve these objectives and meet its formal criteria, SPIRU formally interacted with other government units and external actors. It also worked formally with civil society during expert meetings and sought the expertise of certain NGOs through social networks.

Questionnaire responses from government actors demonstrated that the organisations visible in figure.3 and figure.4 were seen as important ‘strategy implementation partners’ and their expertise was well known to SIPRU not only due to the formal recognition of an NGOs expertise, but also through informal relationships. Through these informal channels, NGOs could often persuade SIPRU of their expertise and build substantive relationships of trust with actors in the unit. Whilst cliques represented a powerful conduit for the delivery of certain policies, actors within SIPRU often had a substantive say on the type of organisation to be consulted. The ability of NGOs to collaborate with SIPRU therefore relied substantively on informal channels and social networks to build trust. The UNHCR was also active in these informal channels in recommending specific organisations on the basis of expertise.

Informal channels and social networks also allowed NGOs with a limited operational capacity to still ensure their inclusion in the consultation process. To ensure this, these NGOs made use of social capital where financial capital was limited. A consequence of this is the recognition that certain network actors were more powerful by virtue of their increased organisational capacity. NGOs with a lower operational capacity identified these actors to ensure their continued inclusion by virtue of social contact. This is particularly evident in figure.3 and figure.4 when taking note of the actors who are located centrally to SIPRU and who interact with many actors.

Informality is also significant when a continuity of individuals within government is taken into account. The unit preceding SIPRU, the Poverty Reduction Strategy Implementation Focal Point (PRSIF) formed its own formal and informal links with certain NGOs. Two of these NGOs are visible in figure.3 and figure.4 and represent two of the most well connected actors. As

11 Questionnaire response from SIPRU.
12 Questionnaire responses from NGOs detailing financial capacity.
many of the staff working within SIPRU worked with the PRSIF, the social ties these actors had with NGO groups carried over to SIPRU. Whilst SIPRU as a distinctive organisation is open to the possibility of pursuing new consultation partnerships, the informal practices that linked PRSIF staff to certain NGOs carried over to SIPRU. In effect, a continuity of interaction between individuals in part determined the consultation practices of SIPRU.

This continuity of interaction was recognised and utilised by the UNHCR, which acknowledged that it relied on continued relationships between itself and certain implementation partners in a country like Serbia, particularly given that its operational scope was not expanding at the time. Establishing a clique of actors that would sustain its objectives in policy areas over time was important for the UNHCR to embed its advocacy position within policy networks. In summary, informal practices and the tacit knowledge of key actors within specific policy fields were sustained through informal relationships and personal networks. These networks carried across different institutions and persisted over time, providing a powerful and stable channel through which the UNHCR could act to embed its ideology and objectives within the social inclusion policy field. Crucially, these actor networks were a result of social ties that are produced by social capital. Therefore, the findings of this paper demonstrate how formal sector social networks are constituted by both formal and informal practices of social capital accumulation.

Conclusion

This paper has sought to elaborate on the relationship between donors, NGOs and government aligned actors in the formal sector of social inclusion programme delivery. Network analysis demonstrates the role social interaction plays in helping donors embed and achieve their objectives. In this case study, the UNHCR first used formal linkage to identify NGOs with whom it could collaborate. Over time, the social interactions and informal practices that occurred between the donor and NGOs gave rise to embedded patterns of interaction.

Subsequently, the interlocking formal and informal ties between NGOs resulted in the formation of expert cliques. Whilst exclusive, clique NGOs utilised their social position to assume the role of experts within the social policy field. In doing so, clique NGOs tended to create comparative advantage by specialising a specific aspect of programme delivery within the field. Interview and questionnaire responses in tandem with network analysis demonstrated that to implement its programmes, the UNHCR relied heavily upon cliques. Furthermore, the clique provided a pool of expertise from which the social inclusion policy unit could draw. As a consequence of NGO cliques establishing

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13 Interview with UNHCR Belgrade.

14 Survey responses from NGOs indicating the external organisations they interacted with and the extent to which these organisations provided financial capital.
a dominant position, NGOs were well placed to diffuse the UNHCR’s ideology and objectives to government-aligned actors. In summary, by creating extensive social networks constituted through social capital that is a result of formal and informal linkage, the UNHCR could influence the shape and content of the social inclusion policy field. The policy unit responsible for formulating new policy gained from being able to consult with an expert pool of knowledge. Finally, NGOs relied on these networks to ensure their continued purpose and relevance in both the delivery of the UNHCR’s programmes and to shape the social inclusion policy process.

References


