Theoretical Framework

The Confederated Empire asserts its self-declared sovereignty on the basis of Adrian Florea's and Reyko Huang's "Functional Sovereignty in Contested Territories," offering a framework for a political-philosophical rationale for *de facto* legitimacy independent of *de jure* recognition.

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Functional Sovereignty in Contested Territories

THEORY NOTE

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Scholarship on international sovereignty generally adopts a binary conception: territories either have international recognition, or they lack it and remain unrecognized entities within fragmented states. In this article, we challenge this binary frame by introducing the notion of functional sovereignty: contested territories in practice enjoy varying degrees of sovereignty over governance functions that require external acceptance for their operation. To illustrate, we introduce a new dataset of functional sovereignty over vehicle license plates, currency, passport issuance, postal service, and national Internet domains within unrecognized (de facto) states. We theorize disputes over these functions as not only a matter of practicality, but also as contestations over symbolic assertions of sovereign statehood. Analysis of de facto state governance over these five functions shows that contested territories collectively exhibit gradations of functional sovereignty, defying binary classifications. Further, we draw conceptual and empirical distinctions between functional sovereignty and proximate phenomena, including statehood, rebel governance, and global governance. Our findings urge a greater focus on the practical dimensions of sovereignty, above and beyond its international legal aspect, for a more grounded understanding of the politics of international recognition.

La investigación en materia de soberanía internacional tiende a adoptar una concepción binaria, es decir, los territorios, o tienen reconocimiento internacional, o no lo tienen y permanecen como entidades no reconocidas dentro de Estados fragmentados. En este artículo, desafiamos este marco binario al introducir la noción de soberanía funcional, que implica que los territorios en disputa disfrutan en la práctica de diversos grados de soberanía con respecto a las funciones de gobernanza y que estas requieren aceptación externa para poder funcionar. A modo de ilustración, presentamos un nuevo conjunto de datos en materia de soberanía funcional referente a matrículas de vehículos, monedas, emisión de pasaportes, servicios postales y dominios de Internet nacionales dentro de Estados no reconocidos (*de facto*). Teorizamos que las disputas relativas a estas funciones no solo son una cuestión de practicidad, sino que también pueden considerarse disputas relativas a afirmaciones simbólicas de soberanía estatal. El análisis de la gobernanza de Estado *de facto* de estas cinco funciones demuestra que los territorios en disputa exhiben colectivamente gradaciones de soberanía funcional que desafían las clasificaciones binarias. Además, diferenciamos, conceptual y empíricamente, entre la soberanía funcional y los fenómenos próximos, incluyendo el estadismo, la gobernanza rebelde y la gobernanza global. Nuestras conclusiones instan a llevar a cabo un mayor enfoque en las dimensiones prácticas de la soberanía, más allá de su aspecto jurídico internacional, con el fin de lograr una comprensión más fundamentada de la política del reconocimiento internacional.

La recherche sur la souveraineté internationale adopte généralement une conception binaire : soit les territoires bénéficient d'une reconnaissance internationale, soit ils n'en bénéficient pas et restent des entités non reconnues au sein d'États fragmentés. Dans cet article, nous remettons en question ce cadre binaire en introduisant la notion de souveraineté fonctionnelle : des territoires contestés en pratique jouissent de divers degrés de souveraineté sur des fonctions de gouvernance qui nécessitent une acceptation externe pour leur fonctionnement. En gage d'illustration, nous présentons un nouvel ensemble de données sur la souveraineté fonctionnelle dans le domaine de l'immatriculation des véhicules, de la devise, de l'émission de passeports, des services postaux et des domaines Internet nationaux au sein d'États (*de facto*) non reconnus. Nous théorisons les litiges entourant ces fonctions comme ne se limitant pas une question pratique : ils représentent plutôt une contestation des affirmations symboliques du statut d'État souverain. Une analyse de la gouvernance étatique *de facto* concernant ces cinq fonctions montre que les territoires contestés présentent collectivement une gradation de la souveraineté fonctionnelle, qui défie les catégorisations binaires. En outre, nous nous fondons sur des distinctions conceptuelles et empiriques entre souveraineté fonctionnelle et phénomènes proches, notamment le statut d'État, la gouvernance rebelle et la gouvernance mondiale. Nos

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conclusions incitent à une plus grande focalisation sur les dimensions pratiques de la souveraineté, qui dépasse l'aspect légal international, afin d'atteindre une compréhension de la politique de reconnaissance internationale plus cartésienne.

Introduction

No country recognizes the Republic of Somaliland as a sovereign state. Yet, the breakaway territory issues its own passports which are accepted by Belgium, Djibouti, Ethiopia, France, Kenya, South Africa, South Sudan, UAE, and UK as valid travel documents (Immigration and Refugee Board of Canada 2020). Only 11 states and the Vatican formally recognize Taiwan, and, yet, its currency, the New Taiwan Dollar, is heavily traded in the foreign exchange market (BIS 2022). Palestine, while lacking its own currency, issues postage stamps which are recognized by the Universal Postal Union (UPU) and used on both domestic and international mail. Serbia does not recognize Kosovo's independence; however, as of 2024, Serbia allows vehicles with Kosovar license plates to enter its territory (Euronews 2024).

Traditional scholarship on sovereignty contestations tends to adopt a binary conception—territorial entities either have sovereignty as demonstrated by widespread international recognition of their independent statehood and full membership in the UN, or else they lack it and are treated as unrecognized or partially recognized territories without UN representation. Derived from a legal perspective, this approach to sovereignty is attuned to *how many* states have formally recognized the territory and *which* states have done so, with the five permanent members of the UN Security Council understood to be the most consequential (Caspersen 2012; Coggins 2014; Fazal and Griffiths 2014; Griffiths 2021).

This study builds on studies that challenge this binary frame (e.g., Thomson 1995; Pegg 1998/2019; Berg and Kuusk 2010; Caspersen 2015) and introduces the notion of *functional sovereignty*: despite lacking international recognition, contested territories in practice enjoy varying degrees of external recognition of specific functional domains.[1] Defining functional sovereignty as the effective exercise of governance functions that require a level of external acknowledgment or validation for their cross-border operation, we empirically demonstrate variation and patterns in contested territories' functional sovereignty through original data in five domains: *license plates*, *passports*, *currency*, *postage stamps*, and *national Internet domains*. We show that functional sovereignty is conceptually and empirically distinct from both legal recognition and participation in global governance regimes: contested territories lack legal recognition as a state, and, hence, are generally excluded from global regulatory bodies, but often manage to approximate recognized states in the ways they engage in international relations. Further, we distinguish functional sovereignty from rebel governance—the former requires external validation and thus features an important element of transnationalism, while rebel governance may be an entirely internal affair. Our core aim is to demonstrate that analysis of territorial contestations using a functional sovereignty approach generates conceptual and empirical insights that remain obscured in the frameworks of legal recognition, global governance, and rebel governance. By focusing on how sovereignty is enacted through the regularized performance of specific "statelike" functions, functional sovereignty introduces a new way to understand sovereignty contestations in international relations.

Below, we first propose a conceptual definition for functional sovereignty and discuss how it relates to statehood, rebel governance, and global governance. The second section introduces our original data on five domains of functional sovereignty collected for a subset of contested territories, namely *de facto states* (unrecognized statelike entities) between 1945 and 2016. The third section presents key empirical patterns. With brief case illustrations, we further demonstrate how analysis using a functional sovereignty lens sheds new light on the politics of sovereignty contestations, highlighting its key contributions that distinguish it from related concepts. We end by discussing fruitful avenues for future research on sovereignty and governance in international politics.

Functional Sovereignty

We define **functional sovereignty** as the effective exercise, within a defined territory, of governance functions that require a level of external acknowledgment or validation for their cross-border operation. It denotes the capacity of territorial entities to implement governance activities for which they have acquired external recognition of their exclusive authority over those governance domains.[2]Functional sovereignty only becomes meaningful with external acknowledgment, for example, through cooperation or routinized interaction, of a territorial entity's authority to carry out specific governance activities. A population that can use documents issued by de facto authorities to travel abroad, a neighboring country that allows the crossing of vehicles across an unrecognized border, or a state that accepts mail from a disputed entity—all constitute forms of external acknowledgment of governance processes carried out by territorial actors, regardless of their legal status, that is, whether they are internationally recognized or not.[3]

Our definition of functional sovereignty reflects a relational and multi-dimensional view of sovereignty as the acknowledgment of the right to rule by politically relevant external actors, whether they are internationally recognized states, regional or international organizations, or multilateral aid agencies. This approach departs from traditional, state-centric, binary understandings of sovereignty premised on supreme authority over territory and international recognition of that authority (Krasner 1999; Coggins 2014). Functional sovereignty decouples sovereignty from international

[1] *Contested territories* are areas where authority, control, or status are disputed (see the discussion below).

[2] "Functional sovereignty" as a concept has been occasionally used in relation to other issues in IR, such as in debates over states' "Responsibility to Protect" (Dederer 2015, 173) and within the framework of "earned sovereignty," which refers to processes through which state aspirants attempt to gain international legitimacy by demonstrating their capacity to effectively govern (Berg and Molder 2012). While related, our conceptualization of functional sovereignty emphasizes the imperative of external acknowledgment of specific governance domains and thus combines internal institution-building with external validation as its basis.

[3] This approach does not equate "functional sovereignty" with "legitimacy" but posits that, in contested environments, sovereignty is constituted through external acknowledgment of governance practices.

recognition: sovereignty is not only what is granted by the international community through formal recognition of status, but also what is validated through routinized practices. Viewed through this lens, sovereignty is not a rigid, fixed attribute but an assemblage of externally validated governance practices.

Our understanding of functional sovereignty, therefore, most closely resonates with approaches that embrace a relational, contingent, performative, and multi-dimensional view of sovereignty (Kyris 2022). Foundational works, such as Thomson (1995), have emphasized that sovereignty is not reducible to international legal status/international recognition but involves dynamic practices across both internal and external dimensions. Berg and Kuusk (2010), Berg and Toomla (2009), and Pegg (1998/2019), among others, have shown that contested territories constantly strive to navigate the entire spectrum of sovereignty, exercising governance functions internally while attempting to actively participate in the international system, often in selective and informal ways, despite lacking a formal legal status. Berg and Molder (2012) and Williams et al. (2015) have suggested that these entities' efforts to engage in self-governance and external relations are tantamount to "earned sovereignty," which can carve a pathway from demonstrated capacity for self-rule (and normative adherence to international principles) to eventual recognition or, at the very least, acceptance as legitimate actors. Unlike "earned sovereignty," however, functional sovereignty shifts the attention from a trajectory toward recognition to the effective, regularized, and externally validated exercise of authority across specific governance domains regardless of formal recognition outcomes. Further, our work builds on Berg and Toomla (2009) who developed a "normalization" index, applied to seven cases, to assess the international engagement of contested territories across three spheres: political (including recognition, participation in international organizations, and the hosting of representative offices); economic (captured by the number of trade partners and foreign trade per capita); and, public (measured by direct flight connections and postal or telecommunications links). We extend Berg and Toomla's (2009) framework both conceptually and empirically: conceptually, we refine the idea of functional sovereignty by proposing a relational definition that explicitly centers on the external acknowledgment of the governance practices carried out by contested territories; empirically, we integrate additional dimensions of functional sovereignty into our analysis and apply them to a broader set of contested territories.

By focusing on the effective exercise of governance functions that require external validation, functional sovereignty conveys the notion of "statehood-in-flux," that is, the idea of statehood being continuously molded through everyday practices and interactions with politically relevant actors. Functional sovereignty expands our understanding of statehood as a continuum shaped not only by legal precepts of what constitutes a state in the contemporary international system, but also by the practical enactment of authority across various governance domains. In this sense, statehood is not simply conferred but it is inherently fragmented, negotiated, and contingent. This is a perspective that helps bridge seminal scholarship on empirical statehood (Jackson 1990) and areas of limited statehood (Risse 2011): the former distinguishes between internationally recognized states that possess the practical attributes of governance and those that exist as juridical entities but are mostly devoid of effective capacity; the latter shows that, in states that lack violence monopoly or institutional capacity, governance can be provided by a mix of state and nonstate actors, often through ad-hoc, hybrid arrangements. Functional sovereignty brings these ideas together by highlighting how territorial actors, regardless of their juridical status, perform specific governance functions that require both internal effectiveness and some degree of external validation.

Functional sovereignty is also related to, but distinct from, rebel governance, which refers to the "entire set of actions insurgents engage in to regulate the social, political, and economic life of non-combatants during [civil] war" (Arjona et al. 2015, 2). In numerous conflict contexts, rebel groups establish their own welfare, social, and informational programs alongside a rebel administration and judicial system aimed at regulating the lives of civilians (Mampilly 2011; Arjona 2016; Huang 2016b; Stewart 2018; Loyle 2021; Provost 2021; Albert 2022; Florea and Malejacq 2024). While the rebel governance scholarship has made considerable advances, existing works focus predominantly on governance arrangements that are internal in form and function. Rebel groups might launch schools, healthcare facilities, or tax systems entirely on their own, or they might cooperate with state authorities to ensure electricity provision; in none of these areas is external validation necessary for these services to operate. However, rebel groups often go beyond local administration to exercise authority over governance functions that require a measure of external approval if they are to operate as intended: a passport is little more than pages of paper if it lacks external acceptance, but with acceptance, it becomes an official travel document; a postage stamp affixed on international mail is a mere sticker if it lacks recognition abroad, but with it cross-border mail delivery becomes possible. Functional sovereignty moves rebel governance studies beyond a focus on rebels' internal provision of public goods and services and examines the ways in which rebel groups seek external recognition of their governance and administrative functions.

The study of functional sovereignty thus internationalizes rebel governance scholarship, urging an approach that situates rebel governance within regional and international relations. Recent studies on rebel diplomacy, defined by Huang (2016a, 90) as a "rebel group's conduct of foreign affairs during civil war for the purpose of advancing its military and political objectives," take strides in this direction. This literature casts rebel diplomacy—rebel groups' efforts to dispatch representatives abroad, open foreign bureaucracies and diplomatic offices, secure meetings with foreign officials, and conduct public outreach abroad—as strategic efforts to mount an international diplomatic front and broaden global visibility in their contestation against the state (Coggins 2015; Huang 2016a; Huddleston 2025). Our work builds on this literature by showing that while rebel groups often frame their campaigns around the goal of gaining international recognition, on an operational level, they are often focused on the more pragmatic, immediate, and negotiable objectives, each of which has a bearing on their broader goals. Rebel groups often make concerted efforts to gain domain-specific recognition, suggesting they themselves see sovereignty not in binary terms but in gradations, comprised of numerous domains whose components are additive and cumulative. As a UN official stated in light of Palestine's efforts to gain full membership to the World Health Organization (WHO) in 2018, "Palestine may get little pieces of sovereignty with full membership to UN bodies—and it's important to them" (Zaracostas 2018). For contested territories, each "piece of sovereignty" is valuable both in its own right and as part of a broader pursuit of full functional and legal sovereignty.

The functional sovereignty approach is also distinct from, but can add new insights to, analyses of international regimes based on a global governance framework. Broadly construed, global governance encapsulates the formal and informal ensemble of rules, institutions, and behaviors that guide interactions between actors in the international arena. As a starting point, this framework underscores the fact that the world's flagship international organizations were created by and for sovereign states; they, therefore, exclude, with few exceptions, unrecognized territories from global regulatory regimes and lend all jurisdictional authority to states that claim sovereignty over them (Fazal and Griffiths 2014; Lopez-Claros et al. 2020). In contrast, by centering these excluded territories, the functional sovereignty approach reveals how even non-member entities find ways to integrate themselves—de facto, if not de jure—into global governance regimes. As discussed below, they often do so by leveraging non-traditional channels and creative arrangements that circumvent formal frameworks. These strategies allow contested territories to enact transboundary governance practices, such as issuing travel documents for their citizens that are accepted beyond the disputed territory or using agreements with foreign banks to stabilize the local economy (such as the agreements between South Ossetia and Russian banks).[4] Analysis based on functional sovereignty thus foregrounds strategies contested territories devise to operate on the margins of formal international regimes in ways that are functionally equivalent to sovereign states.

The attention given to functional sovereignty affords a more empirically attuned approach to the study of contested territories where authority is inherently ambiguous and fluid. Where legal recognition is absent or partial, it is the routinized acknowledgment of effective authority from politically relevant actors that gives substance to sovereignty as practice. To clarify, we understand *contested territories* as areas where authority, control, or status are disputed. This includes de facto states (breakaway entities that exhibit most attributes of statehood except for international legal status), autonomous regions where the authority is disputed but where there is no territorial control exercised by a self-proclaimed authority (e.g., Catalonia), areas under illegal foreign occupation (e.g., Crimea), spaces under the military control of two rival states (e.g., Kashmir), areas with an ambiguous legal status (e.g., East Jerusalem), and spaces controlled by rebel groups (Lemke and Crabtree 2020) that engage in internal governance activities (e.g., the Taliban in Afghanistan before 2021; Hayat Tahrir al-Sham/HTS in Syria before 2025). Because many contested territories make concerted efforts to acquire functional sovereignty domain by domain, they constitute a particularly useful category through which to examine functional sovereignty both conceptually and empirically.

As a visual illustration, in figure 1, we place different types of contested territories on a spectrum of functional sovereignty. To the left of the spectrum lie rebel-controlled territories where insurgents' governance practices remain largely unacknowledged beyond their immediate area of control (low degree of functional sovereignty). Internationally recognized states, with their governance functions well entrenched in international regulatory regimes, occupy the right end of the spectrum (high degree of functional sovereignty). Around the middle of the spectrum (moderate degree of functional sovereignty) are autonomous regions with contested status (which combine internal governance capabilities with selective forms of international engagement) and de facto states (which display complex governance apparatuses with greater external validation). The rebel governance approach engages with contested territories lying on the left end of the spectrum. The global governance approach fruitfully speaks to the right end of the spectrum. The analytical leverage of the functional sovereignty approach is that it uniquely elucidates the dynamics of sovereignty contestations for contested territories situated between the two extremes. It is in this middle "gray" zone where traditional binary understandings of sovereignty would fail to capture evolving forms of territorial authority and external engagement. Functional sovereignty illuminates the myriad ways through which contested territories embark on externally validated governance activities despite lacking an international legal status.

Domains of Functional Sovereignty

In this section, we document the variation in functional sovereignty across contested territories and empirically demonstrate its distinction from rebel governance, legal recognition, and global governance.

To enable empirical analysis, we collected original data on five domains of governance through which contested territories seek to mark their administrative distinction from their parent states:[5] (1) issuing *vehicle license plates*; (2) issuing *passports*; (3) issuing *currency;* (4) issuing *postage stamps*; and (5) obtaining an *internet ccTLD*. These domains capture degrees of functional sovereignty over the cross-border movement of vehicles, people, money, mail, and e-communication, respectively.

Contested territories do seek functional sovereignty in many other ways. For example, in 2016, Kosovo successfully obtained an international telephone dialing code, +383, thus winning a piece of "telecom sovereignty" (and saving millions of euros in payments to Serbia, Monaco, and Slovenia for the use of their dialing codes) (Radio Free Europe 2016). Contested territories' membership in international organizations—Taiwan's membership in the WTO, Palestine's in UNESCO, or the SADR's in the African Union—reflects the territories' exclusive authority over their participation in these international bodies and would, hence, capture another aspect of functional sovereignty. International airports administered by the authority of an unrecognized state—as with Egal International Airport (Somaliland) and Ercan International Airport (Northern Cyprus), but absent in Tamil Eelam—would capture degrees of functional sovereignty over air transportation.

Several reasons underpin our selection of the five domains. First, while some of these domains, such as stamps, currency, and license plates, have intrinsic internal utility, the goal across the domains is eventual and ever wider external validation.[6] Our chosen domains thus introduce variability in degrees of external acknowledgment; other domains, such as membership in IOs, by their very nature imply external validation of a governance domain and would constitute a somewhat different way to capture sovereignty contestations. Second, the five domains are universally among

[4]Studies on "engagement without recognition" (Cooley and Mitchell 2010; Ker-Lindsay 2015) illustrate the myriad ways through which states and other international actors interact pragmatically with contested territories to advance humanitarian, economic, or strategic interests.

[5]The "parent state" is the country that holds legal jurisdiction over a contested territory.

[6]One exception is ccTLDs, which are closer in their functional nature to membership in IOs: external validation is necessary for a territory to acquire a ccTLD.

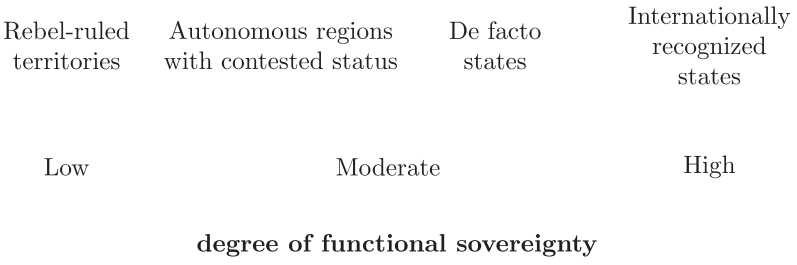


Figure 1. Spectrum of functional sovereignty.

the most visible markers of statehood and denote a government's regulatory authority over some of the most basic aspects of citizens' everyday lives. In addition to their symbolic functions, these domains also serve pragmatic purposes in social service provision and are valuable sources of government revenue. Third, each domain operates in a different international regulatory context, with license plates being the least regulated and ccTLDs being the most regulated, as described below. Hence, by investigating these domains we can tap into the variability in attributes of functional sovereignty observed among contested territories.

Our inquiry focuses on a subset of contested territories, namely *de facto states*, which are separatist entities that display most attributes of statehood except for international legal status (Pegg 1998/2019; Caspersen 2012; Florea 2020). De facto states are particularly suitable for exploring the variation in functional sovereignty due to their high levels of self-governance and aspiration to join the community of internationally recognized states. Because de facto states attempt to operate as quasi-independent entities, they should be more inclined to develop features of functional sovereignty.

We draw on Florea's (2020) dataset on de facto states and collect original information on our five domains of functional sovereignty. Florea (2020, 1014–1015) identifies the universe of de facto states that existed at some point between 1945 and 2016 (table 1), defining a de facto state as:

> "an armed nonstate actor that: belongs to (or is administered by) a recognized country, but is not a colonial possession; seeks some degree of separation from that country and has declared independence (or has demonstrated aspirations for independence, for example through a referendum or a sovereignty declaration); exerts military control over a territory or portions of territory inhabited by a permanent population; is not condoned by the government; lacks international legal sovereignty; and exists for at least 24 months."

We collected data on the presence or absence of the five functional domains for each de facto state's entire survival period (Table 1) and on an annual basis. For each domain (except ccTLDs),[7] the dataset also codes for the degree of external recognition or acceptance of that domain. This aspect of our coding is what distinguishes our dataset from data on internal governance and turns it into data on *degrees* of functional sovereignty. Degrees of external recognition range from 0 (no recognition) and 1 (recognized only by the de facto state's patron state)[8] to 2 (limited recognition) and 3 (near universal recognition).[9] For instance, the license plates issued by the Turkish Republic of Northern Cyprus (TRNC) are coded "1" for external recognition since they are accepted both internally and by its patron state (Turkey): vehicles registered in the TRNC can take the Famagusta–Mersin or the Girne/Kyrenia–Tasucu ferries and can travel in Turkey temporarily, upon payment of a "customs" fee.

We adopt a practice-based understanding of functional "recognition," "acceptance," or "validation" as indications that an external state is allowing the de facto state's governance domain to operate within its territory. The dataset's qualitative case supplements provide details on each variable for each case, including the sources used in coding decisions. Below, we briefly describe the significance of each domain for sovereignty contestations among de facto states.

License plates

License plates issued by de facto state authorities perform both practical and symbolic functions. Practically, they indicate the ability to implement an administrative apparatus for the creation and enforcement of regulations over local transport; symbolically, they pose a challenge to the parent state's jurisdictional authority and provide a visual marker of its separation.

State laws determine whether vehicles with foreign license plates, including those issued by de facto states, can legally enter the state's territory—there is no international regulatory regime for license plate recognition. Therefore, external acceptance of de facto state license plates can be perceived as implicit recognition of the enclave's functional sovereignty within this domain.

Because of their important regulatory and symbolic functions, license plates often emerge as a point of contention between contested territories and their parent states. For example, after Kosovo's unilateral declaration of independence in 2008, Serbia refused to recognize Kosovo-issued license plates and required all vehicles entering Serbia from Kosovo to have Serbian temporary license plates. As a retaliatory measure, Kosovo implemented a similar policy in September 2021, requiring all vehicles with Serbian license plates to use temporary Kosovar license plates when entering the territory. In October 2021, under EU mediation, the two sides reached a compromise and agreed to the placement of temporary stickers—to

[7]The designation of a ccTLD to a territorial entity is an indication of full external recognition of that domain; there is no bilateral recognition process for ccTLDs.

[8]On the effects of patron state recognition on de facto state sovereignty, see Blakkisrud et al. (2025).

[9]See the supplementary materials for details on the coding procedure.

Table 1. Functional sovereignty in de facto states (1945–2016).

De facto state (survival period)	Parent state	License plates	Passport	Currency	Stamps	ccTLD	*Total*
Forcefully reintegrated							
Katanga (1960–1963)	DRC	1	1	1	1	N/A	**4**
Biafra (1967–1970)	Nigeria	0	1	1	1	N/A	**3**
Krajina (1991–1995)	Croatia	1	0	1	1	0	**3**
Chechnya (1991–1999)	Russia	0	1	0	1	0	**2**
Anjouan (1997–2008)	Comoros	0	0	0	0	0	**0**
Tamil Eelam (1984–2009)	Sri Lanka	0	0	0	0	0	**0**
Peacefully reintegrated							
Rwenzururu Kingdom (1963–1982)	Uganda	0	0	0	0	0	**0**
Gagauzia (1991–1995)	Moldova	0	0	0	0	0	**0**
Bougainville (1975–1997)	PNG	0	0	0	0	0	**0**
Eastern Slavonia (1995–1998)	Croatia	0	0	0	1	0	**1**
Ajaria (1991–2004)	Georgia	0	0	0	0	0	**0**
Aceh (2001–2005)	Indonesia	0	0	0	0	0	**0**
Alive (as of 2016)							
Karen State (1949-)	Myanmar	0	0	0	0	0	**0**
Kachin State (1961-)	Myanmar	1	0	0	0	0	**1**
Taiwan[a] (1971-)	China	1	1	1	1	1	**5**
Mindanao (1973-)	Philippines	0	0	0	0	0	**0**
TRNC[b] (1974-)	Cyprus	1	1	0	1	0	**3**
Western Sahara[c] (1974-)	Morocco	1	1	1	1	0	**4**
Cabinda (1975-)	Angola	0	0	0	0	0	**0**
Casamance (1982-)	Senegal	0	0	0	0	0	**0**
Abkhazia (1991-)	Georgia	1	1	0	1	0	**3**
Kurdistan (1991-)	Iraq	1	0	0	1	0	**2**
Nagorno-Karabakh (1991-)[j]	Azerbaijan	1	1	0	1	0	**3**
Puntland (1991-)	Somalia	1	0	0	0	0	**1**
Somaliland (1991-)	Somalia	1	1	1	1	0	**4**
South Ossetia (1991-)	Georgia	1	1	0	1	0	**3**
Transnistria (1991-)	Moldova	1	1	1	1	0	**4**
Republika Srpska (1992-)	Bosnia	0	0	1	1	0	**2**
Palestine[d] (1995-)	Israel	1	1	0	1	1	**4**
Gaza[e] (2007-)	Palestine	1	0	0	1	0	**2**
Azawad (2012-)	Mali	0	0	0	0	0	**0**
Cyrenaica/East Libya (2012-)	Libya	0	0	1	0	0	**1**
Islamic State, ISIS[f] (2013-)	Syria	1	0	1	0	0	**2**
Rojava[g] (2013-)	Syria	1	0	0	0	0	**1**
Donetsk[h] (2014-)	Ukraine	1	1	0	1	0	**3**
Luhansk[i] (2014-)	Ukraine	1	1	0	1	0	**3**
Achieved statehood							
Eritrea (1964–1993)	Ethiopia	1	0	0	0	0	**1**
East Timor (1975–2002)	Indonesia	0	0	0	0	0	**0**
Kosovo[k] (1998–2008)	Serbia	1	0	0	1	0	**2**
South Sudan (1956–2011)	Sudan	0	0	0	0	0	**0**
Total		**21**	**14**	**10**	**20**	**2**	

Notes: The list of de facto states, their survival period, and their type of disappearance are based on Florea (2020).
[a]Taiwan became a de facto state when its UN seat was replaced by China.
[b]Turkish Republic of Northern Cyprus.
[c]Administered by Morocco.
[d]Under Israeli occupation.
[e]Under Hamas control.
[f]Parent state is determined by the location of ISIS capital, Raqqa.
[g]Also known as the Autonomous Administration of North and East Syria (AANES).
[h]Donetsk People's Republic (DPR), forcefully annexed by Russia in 2022.
[i]Luhansk People's Republic (LPR), forcefully annexed by Russia in 2022.
[j]Forcefully reintegrated into Azerbaijan in 2023.
[k]Kosovo is not a UN-member state.

conceal the national symbols displayed on their respective license plates—upon entry of vehicles into Serbia and Kosovo. Finally, in December 2023, the Serbian government decided to allow free passage, without stickers, to all Kosovo-registered vehicles, a move Kosovo reciprocated the following month. Kosovo has now acquired a measure of functional sovereignty over vehicle licensing vis-à-vis its parent state.

Passports

As palpable markers of national identity and citizenship, passports represent powerful tools through which contested territories can assert their sovereignty claims. Beyond operating as conduits for advancing a claim to statehood, passports also help cement a sense of belonging and common "national" identity among the local population. By issuing passports, these actors attempt to assert their exclusive authority over a defined geographical area and thus challenge contemporary norms of border fixity.

Individual states retain authority over the recognition of foreign passports and visa policy for foreign passport holders. For instance, passports issued by the SADR in Western Sahara are accepted by the several dozen countries that officially recognize the contested territory as independent. Unlike the international regulation of stamps and postal service, there is no international passport recognition regime or intergovernmental body overseeing passport validity. This creates a variegated landscape of passport recognition that has little overlap with international/de jure recognition. For example, China and Spain do not recognize Kosovo but have chosen to recognize Kosovo's passports as valid travel documents for entry into their respective countries (Radio Free Europe 2024).

Currency

A national currency is a critical marker of monetary independence, indicating a government's exclusive authority over its legal tender. As attested by paper bills and coins depicting key historical figures, events, and landmarks, states universally use their currencies to assert their national identities and narratives. Issuing a currency, however, is a challenging endeavor with unclear costs and benefits for the issuing government, since the viability of a currency depends on the state of the economy at the local, regional, and global levels and on the territory's external relations.

It is worth noting that many sovereign states themselves lack a national currency, or accept a foreign currency alongside a local currency, often due to internal economic instability. For example, El Salvador, Ecuador, and East Timor all exclusively use the US dollar, while in Lebanon and Liberia, the US dollar is widely accepted along with the Lebanese pound and the Liberian dollar, respectively. Given this, the fact that some de facto states, such as Transnistria (Moldova) or Somaliland (Somalia), have managed to issue their own currency is a notable achievement in the display of statehood.

Postage stamps

Like license plates, passports, and currencies, postage stamps both serve a practical purpose in denoting fees paid for mail delivery and a symbolic role in depicting icons of national historical narratives. As such, stamps have also been a major site of sovereignty contestations.

International postal service is regulated by the UPU, a specialized agency of the UN whose membership consists of sovereign states. Because the Universal Postal Convention (1952, Article 6) restricts the definition of "postage stamps" to those issued under the authority of a UPU member state, the organization considers any postage stamps issued by contested territories to be invalid. Indeed, UPU has issued numerous "circulars" on behalf of its member states raising the issue of "illegal stamps" produced by breakaway territories



UNIVERSAL POSTAL UNION

Berne, 25 June 2007

International Bureau Circular **199**

Cyprus – Illegal issue of postage stamps

Dear Sir/Madam

The postal administration of **CYPRUS** asks me to inform you of the following:

"As we have already stated in a previous representation and in accordance with resolution C 5 adopted on 19 September 1979 by the 18th UPU Congress in Rio de Janeiro, stamps issued by the so-called "Turkish Cypriot Postal Administration" are illegal and cannot be valid for the prepayment of mail posted in any part of the Republic of Cyprus. Furthermore, in accordance with the above resolution, member countries of the UPU should refuse to handle any mail bearing these illegal postage stamps."

Yours faithfully,

K.J.S. McKEOWN
Director of Markets Development

Figure 2. UPU circular on stamps of the Turkish Republic of Northern Cyprus, 2007.

(UPU 2007; 2012), reminding members not to process mail affixed with such stamps (see figure 2).

In practice, UPU prohibition of direct deliveries to/from contested territories has not prevented such territories from rolling out their own postal administrations. Many contested territories participate in international mail services by instituting systematic routing through third countries. These include the TRNC (mail routed through Turkey), Kosovo (Serbia), Abkhazia (Russia), South Ossetia (Russia), Nagorno-Karabakh until 2024 (Armenia), Transnistria (Moldova), SADR (Algeria), Palestine (Jordan for mail from the West Bank; Israel, until 2010, for mail from Gaza) (United Postal Stationary Society n.d.). Furthermore, many de facto states have issued postage stamps, with various degrees of acceptance beyond their borders.

Country Code Internet Domains

A country code top-level domain (ccTLD), formally introduced in 1985, is a special two-letter Internet domain that is reserved for use by recognized states. Thus, Australia uses *.au* as its ccTLD and any party wishing to use *.au* as part of its Internet domain name must obtain approval from an Australian administrative office that regulates its use; likewise with *.ng* for Nigeria, *.fr* for France, and so on. When a territorial entity lacks its own ccTLD, its government must resort to using generic domains, such as *.com*, *.net*, or *.org*, for official business. De facto states such as Kosovo, whose government is served by a *.net* web address, interpret this as an immediate marker of its contested status and as something of a blight on their online presence (Berisha and Kursani 2025). The use of generic domains indicates a lack of legal sovereignty in the digital space, as common generic domains such as *.com* and *.net* are operated by foreign companies and remain under foreign (often USA) jurisdiction. Contested territories are thus aware that having a ccTLD is an important digital marker of state sovereignty in the Internet age.

The Internet Assigned Numbers Authority (IANA), the entity responsible for international coordination of the Internet, is unequivocal in its stance on territorial units' eligibility for a ccTLD (IANA 2013): "We are not in the business of deciding what is and what is not a country. Instead, we em-

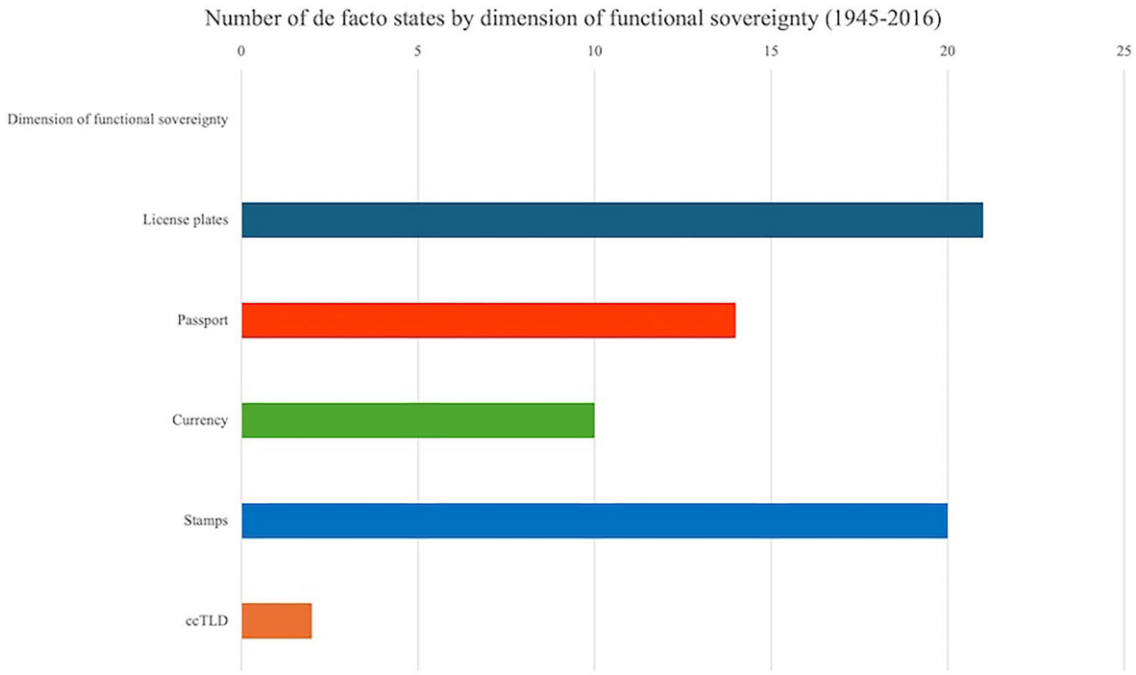


Figure 3. Number of de facto states by dimension of functional sovereignty.

ploy a neutral standard" maintained by the ISO 3166 Maintenance Agency, which itself consults with the UN Statistics Division on territories' eligibility for country codes. With a UN office being the root source of domain delegation decisions, then, ccTLDs remain a privilege enjoyed almost exclusively by UN member states. Any exception to this rule must derive from a decision to that effect by the UN Statistics Division and the ISO 3166. Thus, the "Occupied Palestinian Territory" acquired a ccTLD, *.ps*, when the territory was added to the ISO 3166 list in 1999 after lengthy deliberations and "in view of its special status" (IANA 2000). Taiwan maintains its *.tw* top-level domain because the territory appears on the ISO 3166 list as "Taiwan, Province of China."

Functional Sovereignty in De Facto States: Empirical Patterns

To what degrees do de facto states exercise functional sovereignty? We first investigate with descriptive statistics on the five domains.

Among the entire population of de facto states (40), we find that more than half (21) issued their own license plates (figure 3). While a third of these (7) were recognized/accepted by their patron states, only 4 (19 percent)—Somaliland, Rojava/AANES, Kosovo, and Iraqi Kurdistan (until 2022)—saw their license plates gain wider international acceptance. The remaining 10 lacked any recognition or acceptance beyond the de facto state itself (figure 4).[10]

As shown in figure 3, 14 of the 40 de facto states (35 percent) in the post–World War II period have issued their own passports. Of these, 5 passports (Katanga, Chechnya, Transnistria, Donetsk, and Luhansk) lacked any external acceptance. In 7 cases, passports have been recognized/accepted by some states, typically but not exclusively by the sponsor countries of the separatist enclaves. Palestine's and Taiwan's passports are recognized/accepted almost universally, including by countries that do not officially recognize these territories.

We find that a quarter (10 out of 40) of de facto states have boasted a currency. However, only one currency, that of Taiwan, appears on the official list of internationally recognized currencies known as ISO 4217,[11] indicating its internationally accepted status.[12] In five cases, de facto state currencies were employed in conjunction with another foreign currency. Four de facto states—Katanga, Biafra, Somaliland, and Transnistria—issued a separate currency that was formally designated as the sole official currency in the territory (though other currencies were in practice accepted as well, as with the Russian ruble in Transnistria since 1994 when the local currency, the Transnistrian ruble, was formally introduced).

Our data reveal that half (20) of the de facto states produced their own postage stamps. Among them, the majority (12) could only use them internally (figure 4). Others gained varying levels of external recognition/acceptance: stamps issued by Northern Cyprus and Abkhazia have been accepted by their patron states, Turkey and Russia, respectively. Stamps produced by the defunct Katanga and the surviving Republika Srpska were accepted by a limited number of countries. Stamps issued by Palestine, Taiwan, and Kosovo benefit from wide international acceptance.

Finally, to date, Palestine and Taiwan are the only de facto states to have acquired a country code top-level Internet domain. However, several contested territories have expressed the desire for one. Kosovo, having successfully acquired an international telephone code in 2016, now aims to obtain

[10] Figure 4 reveals that the levels of external validation for many functional sovereignty domains remain low, which underscores the persistent obstacles to international participation that contested territories constantly face.

[11] See https://www.iso.org/iso-4217-currency-codes.html (date accessed 15 January, 2025).

[12] The uniqueness of the Taiwan dollar in this respect is largely a legacy of the historical trajectory of the Republic of China, which enjoyed international recognition between 1945 and 1971.

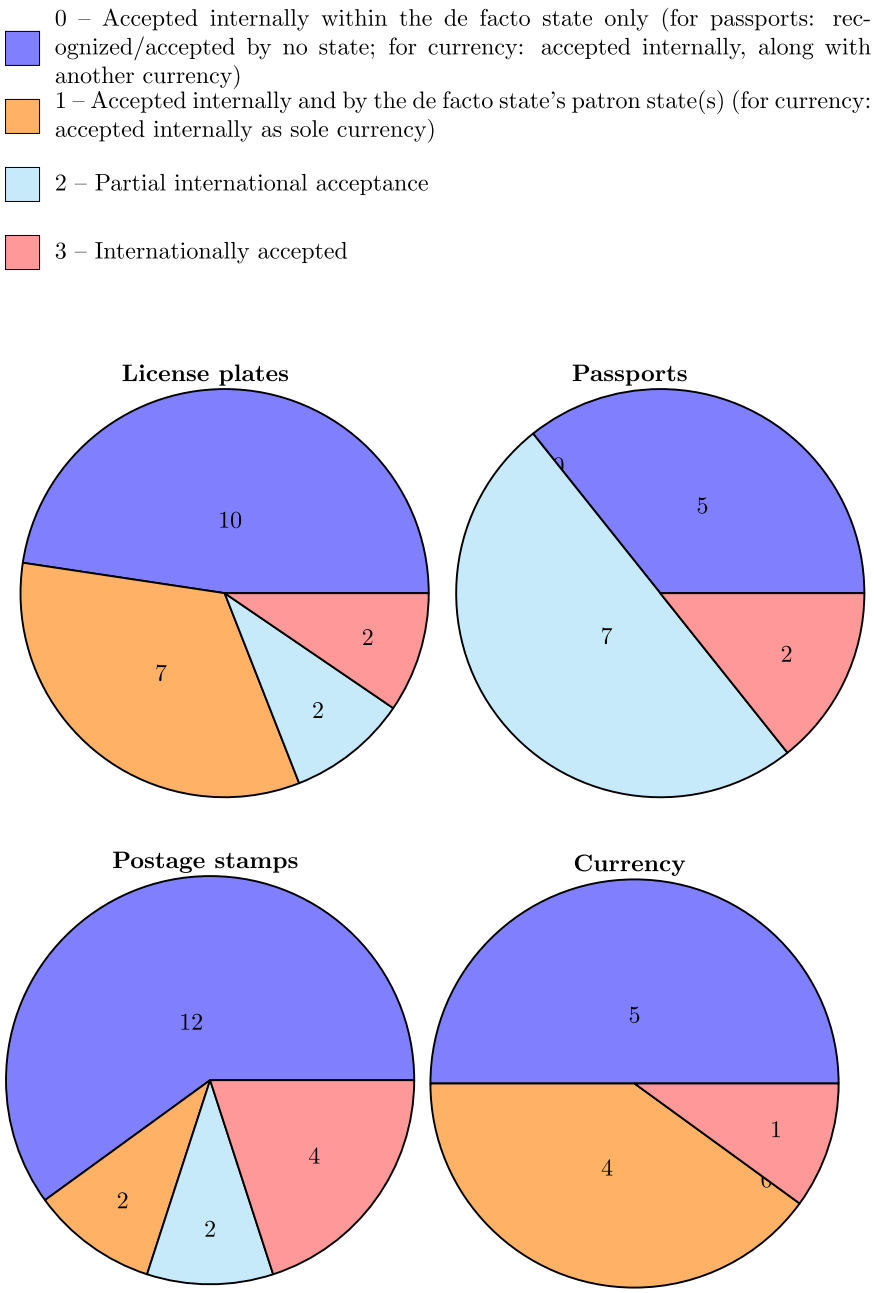


Figure 4. Levels of recognition/acceptance in four domains of functional sovereignty across de facto states.

a ccTLD to mark its digital independence from Serbia. Somaliland has banned the use of Somalia's ccTLD, *.so*, in its territory. Aware that its own ccTLD would not be forthcoming in the near term, it has also, in an unorthodox move, requested the Sierra Leone government to share its national domain, *.sl*, with Somaliland (the request has not been granted) (Somaliland Chronicle 2021). Equally inventive is Iraqi Kurdistan's *.krd*, which resembles a ccTLD but is, in fact, a generic domain (like *.com*) which the Kurdistan Regional Government acquired in 2014 to promote its "digital identity" (.KRD Kurdistan n.d.).

Collectively, these descriptive data indicate several important aspects of the pursuit of functional sovereignty among de facto states. First, the fact that license plates and stamps are the most frequently observed domains suggests a strategic calculus in their efforts to incrementally expand their sovereignty claims. License plates and stamps are likely easier to implement and embed in mundane aspects of domestic governance; further, they hold local utility regardless of their level of external acceptance. In contrast, passports require at least a modicum of international acceptance to be practically useful, while currencies carry complex monetary policy implications. The relative resource intensity and administrative expertise involved in passport and currency production and regulation pose higher barriers to entry.

Second, about half of de facto states have *not* adopted license plates or stamps. The non-pursuit of some domains of governance may not be due to the lack of bureaucratic capacity but rather a result of pragmatic decisions taken to avoid directly challenging the parent state. For example,

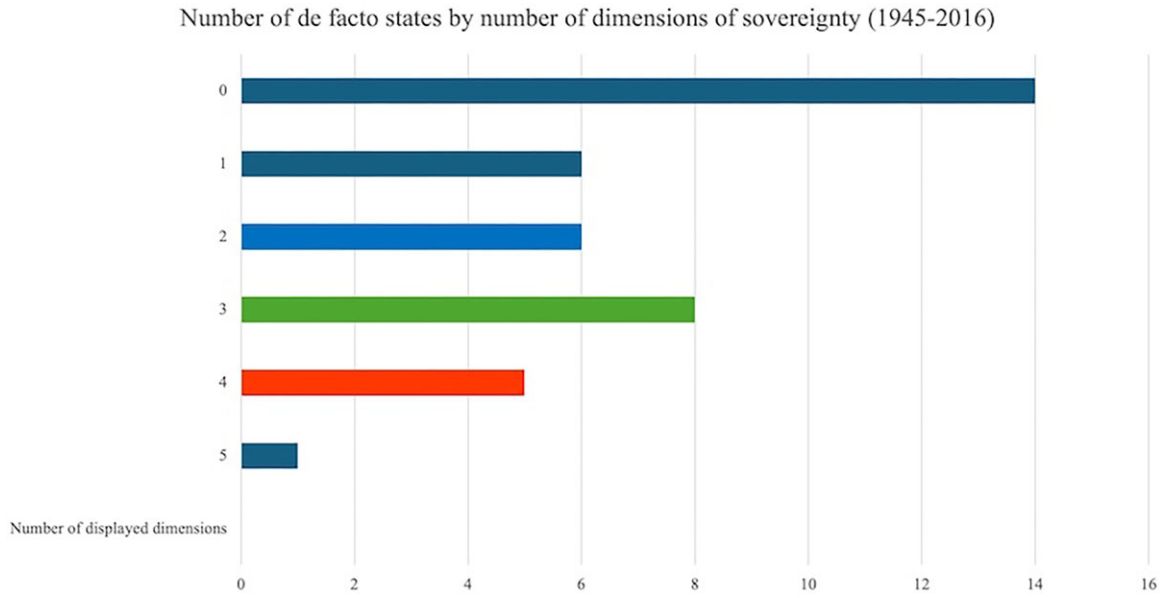


Figure 5. Number of de facto states by number of dimensions of functional sovereignty.

by refraining from issuing certain documents such as "national" ID cards, authorities in Rojava/AANES have been tactically prudent about openly contesting the nominal authority of the Syrian government over the territory (McGee 2023). While functional sovereignty brings multiple benefits to de facto states, its pursuit also involves multiple risks.

Third, our qualitative data show that, amidst the many barriers to achieving functional sovereignty, contested territories often adopt alternative (and often creative) strategies to circumvent existing regulations. Demonstrating the evolving possibilities, in 2018 the secessionist territory of Ambazonia introduced a cryptocurrency, the AmbaCoin, to fund its insurgency against Cameroon (Le Monde 2018). We can expect further governance innovations in sovereignty contestations.

Figure 5 displays the total number of dimensions of functional sovereignty acquired by de facto states. The majority of de facto states—26 of 40 cases, or 65 percent—sought functional sovereignty in at least one of the five domains. Even within our limited set of domains, the majority of de facto states have sought to expand their governance to the international sphere, consistent with our assertion that contested territories pursue ways to incrementally expand their sovereignty claims. This finding also indicates that functional sovereignty is often domain-specific, reflecting the siloed, industry-specific nature of local and international administrative structures. For example, Rojava/AANES has introduced its own license plates but has achieved none of the other domains of functional sovereignty, resulting in an uneasy coexistence of Syrian state regulations with Rojava's own civil administration (McGee 2023). Similarly, prior to its forceful reintegration into Azerbaijan at the end of 2023, Nagorno-Karabakh issued its own passports and postage stamps but used Armenian license plates and currency.

A substantial number of de facto states—14 out of 40, or 35 percent—did not acquire any dimension of functional sovereignty, whether due to a lack of capacity or to other pressing issues overshadowing any interest in creating the trappings of statehood. Only one de facto state, Taiwan, achieved all five domains; Katanga achieved all four (ccTLDs are not coded for de facto states that existed prior to the introduction of the Internet), but, with the exception of its postage stamps being "tolerated" by some UPU member countries, the territory's governance domains did not gain external recognition. These figures underscore the hurdles in achieving functional sovereignty even within some basic domains of governance.

Comparing Conceptual Frameworks

Functional sovereignty as a concept depicts sovereignty as a matter of degree across a range of governance domains. Having established its variation among de facto states, we illustrate its analytical utility through a comparison with three other dominant approaches in the study of contested territories: rebel governance, diplomatic/legal recognition, and global governance. Through three brief case illustrations, we show that analysis based on functional sovereignty reveals dynamics that are overlooked in the other analytical lenses and generates new insights about gradations of functional sovereignty.

Postal governance in Abkhazia

Since Georgia's declaration of independence in 1991 and the subsequent 1992–1993 Georgia-Abkhazia War, Abkhazia has asserted its self-proclaimed status as an independent republic, while Georgia considers it a part of its territory. Examining Abkhazia's contested status from a rebel governance perspective, studies show that the breakaway territory has established a gamut of internal governance structures through which the Abkhaz government administers its territory and provides services to its residents (Albert 2022). As part of this effort, Abkhazia has maintained its own rudimentary postal system and has been issuing its own postage stamps since 1993. The rebel governance approach highlights how Abkhazia has sought institutional separation from Georgia via multiple governance channels, including postal services.

In a diplomatic recognition framework, the starting point for analysis is the fact that Abkhazia currently enjoys formal recognition from five states: Russia, Venezuela, Nicaragua, Nauru, and Syria. To all other states, it is a region of Georgia. Consequently, mail affixed with Abkhazia's stamps can, in principle, be mailed to these five states only; all other states officially consider Abkhazia's stamps to be illegal. Relatedly, from a global governance lens, Abkhazia fails to register on the world's postal map: it is excluded from the top international postal authority, the UPU, both in membership and in its operational remit. Indeed, Georgia has used its platform at the UPU to remind member states that stamps bearing the "Republic of Abkhazia" inscription are illegal and should not be accepted or processed (UPU 2012). Combined, the above frameworks suggest Abkhazia has a functioning internal postal system but that its external postal reach is severely limited, with its stamps deemed invalid by nearly the entire world.

A functional sovereignty framework recognizes Abkhazia's internal governance and its slim official diplomatic profile but, additionally, considers how far Abkhazia's mail travels in practice, de jure stipulations aside. This framework leads to the discovery that, in addition to Abkhazia using its own stamps and postal system internally, mail from Abkhazia does in fact reach international destinations because Russia—specifically the city of Sochi—serves as a third-country routing point through which all mail from Abkhazia passes before being shipped to their foreign destinations. This practice of third-country routing is a common means used by de facto states to sidestep the UPU prohibition of direct deliveries from contested territories. Through this method, territories like Abkhazia manage to operate relatively functional international postal services within a state-centric global governance regime that bars participation by contested entities.

Currency and monetary governance in Taiwan

Taiwan is unique among de facto states: it enjoyed full legal sovereignty but lost it in 1971, when the UN transferred its recognition to Beijing. Due to this history, Taiwan has long maintained a full gamut of domestic governance institutions associated with statehood, including a robust central and local government system, armed forces, public services, and a now-sizable economy. Taiwan also uses its own currency, the New Taiwan Dollar, as its legal tender despite China's claim of sovereign authority over the island. Taiwan is indeed an "extreme case" for any study of rebel governance, even among de facto states, as it functions like a fully-established state in all areas except in the realm of international legal and diplomatic status.

Diplomatically, Taiwan is recognized by 12 states as of this writing, having had several states switch their recognition to Beijing in recent years. Nevertheless, Taiwan maintains strong relations with USA, European, and other allies and engages in informal diplomacy through its growing network of foreign representations. However, "unofficial" relations can only take the territory so far: Taiwan is excluded from most global membership organizations, including the UN and the International Monetary Fund (IMF). Taiwan's expulsion from the IMF in 1980 has been consequential for its internal policy: since no help from the IMF would be forthcoming in the event of a financial crisis, Taipei responded by sharply increasing its international reserve holdings and adopting conservative financial policies in the ensuing years (Lipscy and Lee 2019).

A functional sovereignty framework combines the above observations to highlight a disjuncture: despite its lack of international legal status and absence from the top international monetary body, Taiwan in practice enjoys monetary independence, with full control of its currency and monetary policy, and maintains a globally recognized and traded currency. Indeed, it is simultaneously the only de facto state with monetary sovereignty (per our dataset) and the only major economy that is not an IMF member (Lipscy and Lee 2019, 51). Its monetary independence and its pursuit of IMF membership go hand in hand: precisely because Taiwan has exclusive authority over its monetary policy, it seeks IMF membership as a means of protecting itself against any speculative attacks or foreign exchange market manipulations Beijing might instigate (Tang 2024). Furthermore, a comparative analysis of functional sovereignty across cases underscores an additional insight: the degree of Taiwan's monetary independence surpasses that of some recognized states, such as El Salvador, which, as a dollarized economy, necessarily loses some monetary autonomy to the US Federal Reserve. It also surpasses that of contested territories that have far wider international recognition, such as Kosovo and Palestine, neither of which maintains its own currency despite the majority of UN member states formally recognizing its statehood. The functional sovereignty lens highlights these varying gradations of monetary sovereignty across recognized and unrecognized states—a comparative analysis that would remain marginal to, if not obscured in, a rebel governance or global governance framework.

Passport governance in Somaliland

Somaliland emerged as a de facto state in 1991, when the territory declared its independence from Somalia following a decade-long war of independence. Since then, Somaliland has established a robust system of internal governance and administration, with a range of social services and regular democratic elections. As part of this governance effort, Somaliland began issuing its own passports in 1996.

As for legal recognition, Somaliland has none, and, consequently, Somaliland is unrepresented in global regulatory bodies. However, this exclusion from international organizations has had little bearing on Somaliland's introduction of its own passports. Unlike postage stamps, passport issuance is not regulated by any global authority—there is no UPU equivalent to declare certain passports "illegal." The International Civil Aviation Organization (ICAO) does mandate that passport construction and quality meet its specifications and standards, including the requirement since 2010 that all issuing authorities produce machine-readable passports (MRPs) and phase out all non-MRPs by 2014 (ICAO 2021). Somaliland has duly complied, launching its biometric MRPs in 2014.

The ICAO thus regulates how passports should be issued, but not who can do so. This is where a functional sovereignty framework illuminates the extent to which Somaliland's passports hold actual utility. Analysis through this lens reveals that 9 states currently accept Somaliland's passports under specific conditions: Belgium, Djibouti, Ethiopia, France, Kenya, South Africa, South Sudan, UAE, and UK. The conditions can certainly be restrictive. For example, the UK Home Office accepts Somaliland passports only for those with UK residency rights (Horn Diplomat 2018). Nevertheless, instances of states' acceptance of unrecognized territories' passports at ports of entry suggest such territories are finding channels, however small, through which to con-

Table 2. Correlation between governance institutions, recognition, and functional sovereignty.

	Governance institutions	Recognition	Functional sovereignty
Governance institutions		0.253	0.702
Recognition	0.253		0.363
Functional sovereignty	0.702	0.363	

tinually expand their room for maneuver within the boundaries of legal recognition.

Exploring further: pairwise correlations

We have argued that rebel governance, diplomatic recognition, global governance, and functional sovereignty are related but distinct concepts, and that analysis centered on these concepts illuminate different aspects of the politics of territorial contestation. We further probe this argument using our data on functional sovereignty, supplemented with additional data on de facto states' internal governance and recognition status from Florea (2020). If rebel governance, legal recognition, and functional sovereignty are related but distinct concepts, bivariate correlations between variables capturing these concepts should reflect the nature of their relationships.

Indeed, we find that de facto states' degrees of functional sovereignty exhibit a high correlation with the degree of internal rebel governance in these enclaves, and a low correlation with the level of official recognition from UN member states. This is consistent with the conceptual distinctions we have drawn between these three phenomena. Table 2 displays the correlations between the yearly count of domains of functional sovereignty across four domains (license plates, passport, currency, and stamps),[13] the yearly count of de facto state governance institutions,[14] and the yearly count of the UN-member states that officially recognize each de facto state. The data reveal that the correlation between de facto state governance and functional sovereignty is relatively high, with a Pearson's correlation coefficient of 0.7. Those contested territories that develop a robust internal governance architecture are better equipped to acquire functional sovereignty across multiple dimensions, given their administrative capacity. For example, Transnistria's extensive governance apparatus has allowed it to undertake many activities geared toward achieving functional sovereignty, such as issuing license plates and passports and adopting a separate currency.

The relatively low correlation coefficient (0.36) between functional sovereignty and international recognition speaks to their conceptual distinctions: many de facto states pursue functional sovereignty *despite* lacking formal legal recognition. Further, it shows that official recognition of status is not the sole avenue available to contested territories to engage internationally; many de facto states strategically craft alternative pathways for international engagement. Ultimately, these domains reflect contested territories' ability to incrementally acquire gradations of sovereignty and become active participants in international relations—despite legal barriers to participation, and often through innovative means of sovereign interactions.

Conclusion

By introducing the concept of functional sovereignty, this article showcased the analytical benefits of viewing sovereignty as consisting of gradations across multiple governance domains. A legal understanding of sovereignty regards international recognition (UN membership) as a primary marker of sovereign statehood. Yet, in practice, territories can gain partial or even full sovereign authority over specific functional areas in the *absence* of formal legal recognition. Functional sovereignty also illustrates the pragmatism inherent in the contemporary conduct of international relations where interactions with nonstate actors are expanding across multiple domains. This pragmatism drives state and nonstate actors to engage in a range of business and diplomatic interactions. Our new data and analysis on functional sovereignty in de facto states documents this dynamic with respect to license plates, passports, currencies, postage stamps, and national Internet domains. Contested territories themselves recognize sovereignty as an objective that can be achieved domain by domain, and see every incremental success in expanding their scope of functional sovereignty as a milestone. This article is part of ongoing efforts to capture this empirical reality.

Our study can be extended in several directions. First, scholars should examine other sectors of cross-border governance to expand our empirical understanding of functional sovereignty. We suggested membership in IOs, administrative authority over international airports, and the attainment of international dialing codes as additional domains that can shed light on how contested territories navigate participation in global governance systems. Bilateral agreements between contested territories and external states, such as the one being negotiated to lease out sea access along Somaliland's coast to landlocked Ethiopia, would capture another important aspect of functional sovereignty.

Second, future research should theorize the variation in functional sovereignty across the broader population of contested territories. Why do some contested territories manage to achieve some degree of functional sovereignty while others do not? We alluded to potential explanations, including contested territories' bureaucratic capacity, the nature of their external relations and their political history, as well as the international regulatory environment that creates barriers to entry for specific domains ranging from loose (license plates) to highly robust (ccTLDs). Future studies should systematically investigate the factors that help account for this observed variation; our dataset and qualitative case supplements provide a starting point for such an analysis.

[13]We exclude ccTLDs from the count because of the low number of de facto states displaying this dimension. Substantive findings are unchanged with the inclusion of ccTLDs.

[14]This indicator counts the number of governance institutions displayed by a de facto state during each year of its survival from the following categories: executive branch; legislative branch; court system; central banking system; educational system; social services/welfare system; tax system; police system; foreign affairs bureaucracy; and media system.

Another valuable step would be to examine the factors—from the political and historical to the relational and pragmatic—that help explain bilateral and multilateral actors' willingness to confer functional recognition on contested territories. Why, despite their refusal to grant formal recognition, do external states choose to confer functional recognition to some governance domains within contested territories?

Finally, why are some domains adopted early into a contested territory's separation while others emerge later? How is the implementation of certain domains of functional sovereignty related to the construction of broader internal governance institutions? Our (yearly) data are well suited to answer these important questions.

Beyond broadening our conception of sovereignty, these questions help advance an understanding of IR as characterized by routine engagement between states and territorial entities of various political standings within a hierarchical order that disproportionately rewards those with legal recognition. For rebel governance scholarship, the study of functional sovereignty reinforces the idea that rebel groups not only govern internally, but also pursue arrangements aimed at enabling and normalizing their participation in various domains of the international system.

The functional sovereignty approach also offers policy insights. For contested territories seeking greater international integration, an incremental pursuit of functional sovereignty, starting with governance domains that hold the greatest pragmatic or symbolic utility among state partners that are most likely to grant it, may yield payoffs, though the benefits and risks of this approach must be regularly assessed. For global governance, one implication is that it may behoove IOs to consider membership based not solely on legal recognition, but also on a case-by-case review of functional performance (as suggested in Pegg 1998/2019 with respect to economic IOs). This approach is not without its complications, including a potential politicization of the membership review process. Nevertheless, it is an approach already used by many IOs and may be an increasingly pragmatic path forward given the ascendance of pressing transnational concerns, from cyber defense and air safety to pandemic prevention and climate adaptation, that necessitate more inclusive international participation.

Supplementary Information

Supplementary information is available in the *International Studies Quarterly* data archive.

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