

Rebel Governance in De Facto States*

Adrian Florea, University of Glasgow

adrian.florea@glasgow.ac.uk

Abstract

De facto states, such as Somaliland (Somalia), are unrecognized separatist enclaves that display many characteristics of statehood but lack an international legal status. To gain domestic and external legitimacy, these actors engage in a wide range of governance practices: they set up separate military and police forces, separate executive, legislative, and judicial branches, separate hospitals, schools, banks, or social security networks. Besides bolstering their legitimacy with local and foreign audiences, an extensive governance apparatus yields various payoffs: it facilitates recruitment and resource mobilization, signals commitment to local rule, helps the hegemonic rebel faction eliminate internal competitors and consolidate a violence monopoly, or contributes to the internationalization of the dispute. In spite of the obvious gains that can be accrued through the establishment of a complex governance architecture, de facto states exhibit great variation in the range of statelike institutions that they build: some, like People's Republic of Luhansk (Ukraine) put together a rudimentary governance apparatus, while others, like Transnistria (Moldova), manage to construct a complex system of rule. What might explain the variation in governance practices across these separatist enclaves? Using original data, this study offers an empirical examination of several environmental and organizational factors that shape de facto state leaders' incentives to supply governance. The findings reveal that separatists in de facto states are less likely to provide governance when they have access to lootable natural resources and when warfare is ongoing, but are more likely to do so when they control relatively immobile assets, when they receive substantial external military support, when peacekeepers are present, when they adopt a Marxist ideology, and when they rule over a concentrated minority. The findings help us better understand how environmental conditions and the structural characteristics of insurgent movements shape the nature of rebel rule.

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Between 1990 and 2008, visitors traveling into northeast Sri Lanka would have come across a string of internal “border” checkpoints that did not appear on any official map because they were controlled by the Liberation Tigers of Tamil Eelam (LTTE). From Kilinochchi to Trincomalee, the heavily enforced checkpoints regulated the entrance of people and goods into Tamil Eelam – a de facto state where Tamil rebels established parallel structures of authority and governance. In 2009, however, the Sri Lankan government launched a military offensive at the end of which the LTTE was decimated and the de facto state disappeared. Tamil Eelam is not an isolated example of a polity ruling autonomously over parts of a country’s territory and engaging in statelike activities. De facto states have been a constant presence in the post-1945 international environment. Some, like Northern Cyprus and Somaliland, have been around for several decades while others, like the People’s Republic of Donetsk (Ukraine) or Cyrenaica (eastern Libya) are more recent creations. De facto states straddle the territory between banditry and state building (Ahram and King 2012) and conjure up two images: one of semi-anarchic spaces controlled by ruthless insurgents who are predatory and operate at the whim of great or regional powers; and another of fully functional entities that command domestic legitimacy, engage in nation building, and establish complex governance structures to consolidate their rule. To outsiders, de facto state actors may look like opportunistic warlords; to locals, they embrace the mantra of state builders who provide order, organize local affairs, and supplant the sovereign government as the rule-making authority (Pegg 1998). De facto states exercise effective sovereignty and meet the basic criteria for statehood delineated by historical institutionalists such as Douglass North or Charles Tilly. North (1981) defines the state as an organization with a comparative advantage in violence, extending over a geographic area whose boundaries are determined by its power to tax constituents. For Tilly (1990), the state is a centralized organization whose leaders successfully claim a violence monopoly over a population inhabiting a contiguous territory.

What separates de facto states from other types of nonstate authority claimants or violence monopolists is their independence goal and their relative success at constructing a func-

tional apparatus of statehood. De facto state separatists are state builders par excellence. Having secured military control over a defined territory that legally belongs to a recognized nation-state, they regularly perform a wide range of governance activities: they set up parallel governmental and administrative structures, establish alternative institutions for property rights enforcement and dispute adjudication, engage in regularized extraction/taxation, and provide a range of public goods, such as health, education, or social security services, to the local population. Despite coordination and enforcement costs – agreeing over and effectively implementing a rule-based governance strategy is a costly undertaking (Leeson 2014) – governance provided by separatists in de facto states yields various payoffs: it bolsters their legitimacy with domestic and foreign audiences, facilitates recruitment and resource mobilization, signals commitment to local rule, and contributes to the internationalization of the dispute. Although the expected gains that can be accrued through the establishment of a complex governance architecture are obvious, de facto states display, however, great variation in the range of statelike institutions that they build: some, like the self-declared People’s Republic of Luhansk in eastern Ukraine, put together a rudimentary apparatus of control, while others, like Transnistria in the Republic of Moldova, manage to construct a complex system of separate rule. What might explain the variation in governance practices across these separatist enclaves? Why don’t all facto states build more governance institutions when they would likely increase their domestic and international legitimacy, or more broadly, their claims to independent statehood?

To elucidate this puzzle, I rely on originally collected data on all de facto states in the post-WWII period (1945-2016) and claim that the observed variability in governance activities across these separatist territories can be traced to variation in separatists’ time horizons, i.e. the extent to which separatists weigh future outcomes more heavily than present ones. In turn, de facto state leaders’ time horizons are likely shaped by two environmental conditions – the presence or absence of expropriable natural resources and the type of local assets – and two structural features of the insurgency – the degree of external military support

they receive from third parties and the organization make-up of the insurgency (whether it is unitary or fragmented). I expect expropriable natural resources to shrink these actors' time horizons and disincentivize them to embark on governance activities. I also anticipate that the presence of relatively immobile assets in the territory controlled by separatists will motivate them to discount the future at a lower rate (and, thus, engage in more extensive governance practices). External military support and the organizational structure of the insurgent movement (whether they are fragmented or have a unified leadership) can affect rebel governance provision through competing mechanisms: foreign military assistance can facilitate the allocation of resources to governance activities, but can also encourage rebels to concentrate on the military aspect of the insurgency; rebel movement fragmentation can divert often scarce resources towards factional infighting rather than governance, or can motivate insurgents to organize local affairs more efficiently in order to gain/maintain control over the entire movement.

The empirical findings provide mixed support for the theoretical expectations. In the presence of expropriable mineral resources, separatists seem to discount the future at a higher rate and are more restrained in their governance practices. Immobile assets (such as an industrial or agricultural infrastructure in the separatist enclave) and foreign military assistance appear to extend separatists' time horizons and are associated with a higher degree of governance. The organizational structure of these actors does not seem to impact the range of governance activities that they provide. The results also reveal that governance in de facto states is likely to be more extensive when peacekeepers are present, when insurgents embrace a Marxist ideology, and when they rule over a concentrated minority. Finally, ongoing warfare seems to consistently reduce separatists' ability, or willingness, to institutionalize their rule. Overall, the study contributes to burgeoning research on governance by armed nonstate actors by identifying the conditions under which these actors are incentivized to supply governance. More broadly, the analysis help us better grasp rebels' incentives towards organized rule vs. predation, and enhances our understanding of authority fragmentation in

civil conflicts.

The remainder of this article is organized as follows. I first provide a conceptual definition for rebel governance and discuss the logical underpinnings of rebel governance provision across de facto states. The theoretical discussion produces a series of expectations that are then tested empirically with originally collected data on all de facto states between 1945 and 2016. Subsequently, I examine the statistical and practical significance of the key findings. Finally, I elaborate on the theoretical and practical importance of the main empirical patterns revealed by the empirical analysis.

The Logic of Rebel Governance in De Facto States

Rebels are typically viewed as violence entrepreneurs who fight against the state (or against internal competitors) and engage in selective or indiscriminate violence against civilians (Kalyvas 2006). Less common is the image of the rebel who decides to “settle down, wear a crown, and replace [internal] anarchy with government” (Olson 1993, 568). While the logic of violence in civil war has received extensive attention, the logic of rebel governance in internal conflicts has been less thoroughly investigated. This is surprising given that rebel governance is fairly common across rebellions spanning multiple regions and time periods. The governance activities conducted by Latin American insurgencies, such as FARC (Colombia), FMLN (El Salvador), or Sendero Luminoso (Peru), are well documented (Arjona 2010; Weinstein 2007; Wickham-Crowley 1987; Wood 2003). There is also abundant information on the state building practices of various rebel movements throughout Africa (Mampilly 2011; Reno 2011), Southeast Asia (Hashim 2013; Nordstrom 2004), the Middle East (Berti 2015; Pearlman 2011; Tessler 2009), or the post-Soviet space (Caspersen 2012; Hill 2012; Lynch 2004; Toal 2017).

Existing studies view rebel governance through the prism of activities aimed at implementing collectively binding rules and providing public goods in insurgent-held territory (Arjona

2016; Arjona, Kasfir, and Mampilly 2015; Murtazashvili 2016; Huang 2016; Mampilly 2011; Stewart 2018). According to Mampilly (2011, 17), a rebel organization engages in *effective governance* when it exhibits three key characteristics: (a) it exercises a violence monopoly over an area and is able to “develop a force capable of policing the population” living in that area; (b) it develops a dispute resolution mechanism, “either through a formal judicial structure or through an ad-hoc system;” and, (c) it develops “a capacity to provide other public goods beyond security.” The burgeoning research on rebel governance overwhelmingly concentrates on the redistributive aspect of insurgents’ behavioral repertoire. Current large-N and qualitative studies of rebel rule mainly seek to explain public goods provision and resources allocation in rebel-held territory and the processes through which they impact various conflict outcomes, such as duration, termination, post-war democratization, or civilian victimization (Arjona 2016; Heger and Jung 2016; Huang 2016; Mampilly 2011; Metelits 2010; Stewart 2018). However, the act of ‘governing’ observed across de facto states and several other armed nonstate actors pursuing different objectives (such as government overthrow) goes beyond redistribution/public goods provision and involves a broader array of institutional practices (Clunan and Trinkunas 2010; Risse 2010). With that in mind, I adopt a more extensive view of rebel governance which includes the entire range of coercive, extractive, redistributive, and political organization activities through which insurgents regulate social, economic, and political life in the territory under their control¹ Therefore, the conceptualization (and operationalization) of rebel governance adopted herein is broader and includes the entire spectrum of rebel activities that are *functionally* equivalent to state building: coercion (maintaining a violence monopoly over territory); extraction (engaging in regularized taxation); redistribution (providing public goods); and political organization (establishing executive, legislative, judicial, and administrative structures).

Rebel governance is perhaps best conceptualized on a continuum with the establishment of a rudimentary socio-political order at one end and the construction of a sophisticated

¹Rebel governance, rebel government, and rebel state building are herein used interchangeably.

administrative apparatus at the other. In between these two extremes, one can catalog a range of governance practices. Many rebel groups engage in some form of regularized extraction/taxation and, thus, appropriate an important function of sovereign statehood. Various insurgents movements, such as the Patriotic Union of Kurdistan (Natali 2010), the Rassemblement Congolais pour la Démocratie (de la Sierra 2014) or, more recently, the Islamic State of Iraq and al-Sham (Barrett 2014), impose taxes on property, incomes, export and import of goods, services, trade activity, vehicle and population transit, remittances, or mineral output. Other rebel groups, such as the Kachin Independence Army in Burma/Myanmar (Berg and Van Houtum 2003) set up parallel systems of government with ministries, police and border forces, prisons, schools, and hospitals. Still other insurgents, such as those in the Puntland region of Somalia (Nalla 2010), develop complex legal systems and dispute resolution mechanisms.

De facto states are a particular subset of insurgencies where governance is deployed extensively. This is not surprising in light of these armed nonstate actors' independence goal. After all, effective state building helps separatists acquire domestic and international legitimacy and strengthens their claim to recognition and statehood. What is puzzling, however, is the variability in governance practices across de facto states. Somaliland, a de facto state that emerged in 1991 after the collapse of the Siad Barre regime in Somalia, has gradually built the institutional architecture of a sovereign state. The self-declared republic has its own separate government, legislature, court systems, military forces, and police. The break-away enclave engages in regularized taxation, provides public services such as health and education, and even boasts a separate central bank that issues currency (the Somaliland shilling). The Liberation Tigers (LTTE) in control of Tamil Eelam in Sri Lanka (1984-2009) displayed a sophisticated legal system comprising of a complex network of police stations, district courts and appeal courts. Yet, the LTTE never provided health or education services in the territory under its control. More recently, separatists in the self-proclaimed People's Republic of Luhansk (LPR) in Eastern Ukraine (2014-) have been struggling to put together

basic structures of statehood (Toal 2017). Nominally, LPR has its own government, parliament, and courts but these institutions are hardly functional: the government is riven by rivalry among former rebel commanders, the parliament is little more than a rubber-stamp assembly that convenes irregularly, and the newly established local courts have yet to adopt a civil code. These cursory examples from de facto states across different regions and time periods illustrate bewildering variability in governance activities: some are quite successful at institutionalizing a statelike system of self-rule while others engage in basic governance practices. What might explain this variation?

I argue that de facto state leaders' incentives to supply governance are shaped by their time horizon (whether they attach greater utility to future outcomes relative to present ones) or discount rate (the rate at which they discount future benefits).² Because their ultimate objective is independence (consolidated de facto separation is a second-best outcome for this subset of separatist insurgents), de facto state leaders would, in principle, contemplate comparably long time horizons: the expectation of prolonged territorial control would incentivize them to engage in extensive state building in order to maximize the benefits of self-rule. In a Montevideo Convention world where effective territorial control equates sovereign statehood,³ time horizons would invariably be long/discount rates would be low – exercising a violence monopoly and building a functional government would be sufficient for separatists to realize their independence aspirations. However, given the post-1945 systemic obstacles to achieving independence outside decolonization,⁴ de facto states leaders' time horizons are

²This claim resonates with recent scholarship on the provision of order by armed nonstate actors (Arjona 2016; Murtazashvili 2016). Arjona (2016) argues that armed groups' time horizons determine the type of social order that emerges in the midst of internal conflict. Murtazashvili (2016) contends that leaders with long time horizons are more invested in local governance.

³The Montevideo Convention of 1933 (and, more broadly, the declarative theory of statehood), stipulates that a state claimant should possess four qualifications: (a) a permanent population; (b) a defined territory; (c) a government; and (d) the capacity to enter into relations with other states. Under the Montevideo Convention, de facto states' empirical sovereignty would constitute sufficient ground for a legitimate right to statehood.

⁴According to international legal principles, there are only a few legitimate ways of achieving statehood: decolonization; blatant human rights violations/remedial secession; negotiated agreement with the parent government; peaceful dissolution of

highly variable. The constitutive theory of statehood, which stipulates that a state exists only insofar as it is recognized by a majority of other states, operates as a barrier to de facto states' independence aspirations and creates uncertainty about their survival prospects. This systemically-induced uncertainty functions as the underlying factor that shrinks separatists' time horizons. Nevertheless, while uncertainty about survival prospects is shared by all post-1945 de facto states, these entities display great variability in governance practices; thus, separatists in control of these enclaves must operate under varying time horizons. This study seeks to examine the factors that might account for this variation in de facto state leaders' time horizons.

I propose that certain environmental conditions and structural features of the insurgency function as proximate factors that affect separatists' time horizons and shape their governance practices. Specifically, I suggest that de facto state leaders' time horizons are influenced by two environmental conditions – the presence or absence of exploitable natural resources and the type of local assets in the enclave – and two structural characteristics of the insurgency – the extent of external military assistance they receive from third parties and the organizational configuration of the rebel movement (whether it is unitary or fragmented). The next section discusses the processes through which these factors can influence separatists' time horizons and, consequently, their motivations to build more or less complex architectures of self-rule.

Natural resources

Beyond haunting images of heartless criminals who pillage and engage in wanton violence, rebels are rational actors who decide to become stationary or predatory depending on whether governance or predation yields more consumption (Grossman 1998, 170). The presence of expropriable natural resources, such as oil or alluvial diamonds, shapes insurgents' discount rate, the rate at which they value current versus expected gains. When they exert control

federal countries.

over areas rich in natural resources, rebels will tend to discount the future at a higher rate/contemplate shorter time horizons. Where expropriable natural resources are plentiful, insurgents have rational incentives to eschew productive activities and engage in predatory behavior (Beardsley and McQuinn 2009). According to this logic, environments rich in lootable resources create weaker incentives for separatists to rule extensively because access to material assets is not dependent on their governance strategy. Expropriable natural endowments such as oil, alluvial diamonds, or precious metals can transform secessionist enclaves into rentier de facto states where revenue is generated from nonproductive activities and where local rulers derive greater utility from predation. Therefore, the first expectation is that lootable resources would correlate negatively with the extent of governance in de facto states: all else equal, in resource-rich environments insurgents tend to be predatory while in resource-scarce milieus they tend to be stationary.

Weinstein (2007) provides perhaps the most compelling account of how access to lootable resources changes rebels' calculus towards predation rather than governance. Drawing on civil war cases in Uganda, Mozambique, and Peru, he argues that resource-rich environments tend to attract opportunistic insurgents who embrace short-term horizons and are likely to be undisciplined, violent, and exploitative of the local population. Rebels with access to lucrative resource endowments are maximizers of revenue than of social welfare. The main function of the institutions constructed in resource-abundant environments by insurgents is to lower the cost of operating a violence monopoly rather than to develop a complex apparatus of extraction, redistribution, and political organization. The presence of lootable resources provides access to the material basis needed to overcome collective action problems and maintain mobilization against the government, and obviates the need for a social contract between the rebels and the population whereby the legitimacy of the former is linked to the provision of governance to the latter. By contrast, resource-scarce settings incentivize rebel groups to settle down, become "rulers of the domain," and forge a social contract with civilians (Olson 1993). According to Weinstein, insurgent organizations that lack lootable

resources tend to attract ideological fighters who have a vested interest in consolidating their rule and gaining the loyalty of the local population. Where resources are meagre, rebels are more likely to build extensive governance institutions in an attempt to legitimize their rule and secure regularized extraction. From this vantage point, rebel governance can be seen “as a case of isomorphic mimicry in which rebels deliberately replicate state institutions in order to attain the legitimacy attached to formal institutions of governance” (Huang 2012, 51). The lack of access to lootable resources may galvanize insurgent groups to organize “true counter-states” (Wickham-Crowley 1987, 487) with many trappings of statehood that allow them to monopolize activity in the area under their control and acquire the wherewithal necessary to survive and pursue their strategic objectives.

Asset specificity

Most rebels are not just violence entrepreneurs; they often build statelike machineries, “extracting taxes, conscripting soldiers, organizing production, distributing food, and adjudicating disputes from within – all in the context of threats” (Tarrow 2012, 66). Rebels’ decision to engage in rudimentary or extensive state building activities can be affected by another environmental feature: the nature of local assets. Where these assets are relatively immobile (such as an industrial plant, an oil refinery, or an agricultural infrastructure), insurgents anticipate longer time horizons with constant revenue streams; thus, they would have a vested interest in becoming stationary and supporting productive economic activities (Ahram and King 2012; Olson 1993). The nature of local assets can fundamentally change rebels’ discount rate and relationship with civilians because the anticipated revenues from the exploitation of relatively immobile assets is likely to shift rebels’ equilibrium strategy from plunder (banditry) to governance (de la Sierra 2014, 9; Leeson 2014, 59). In the presence of immobile assets, it is in the best interest of insurgents to limit forceful extraction and encourage economic activity in order to maximize taxable output (Sabates-Wheeler and Werwimp 2014). To maximize extraction (taxation), though, rebel rulers have an encompassing interest to

strike a social bargain with the local population, one that typically involves some level of redistribution/public goods provision (Olson 1993).⁵

Asset specificity is directly linked to insurgent taxation, redistribution, and public goods provision – that is, to core rebel governance practices. Where relatively fixed assets, such as an industrial or agricultural infrastructure, are present, insurgents have an incentive to provide governance in order maximize revenues derived from the region’s economic output. Perhaps nowhere is this process more visible than in Transnistria, a pro-Russian de facto state that separated from Moldova in the aftermath of Soviet Union’s collapse (1991). During the Soviet times, the bulk of the Moldovan heavy industry was concentrated in Transnistria. After the region’s de facto separation in 1991, Transnistrian separatists retained control over a large industrial complex. Since then, the region’s industrial infrastructure has consistently generated more than half of the enclave’s GDP (Calus 2013).⁶ Four large enterprises operate in the breakaway statelet: Moldova Steel Works (MSW) in Rîbnița which “by 2000 was exporting production worth \$150 million annually, including \$70 million to the United States” (Hill 2012, 98) and which provides about 60% of Transnistria’s exports and “somewhere around 50% of its tax revenues” (Blakkisrud and Kolstø 2011, 189); Cuciurgani power plant which provides all the enclave’s energy needs, and even meets about 50% of Moldova’s electricity demand;⁷ Rîbnița cement plant which exports most of its output to Russia; and the Sheriff conglomerate, which owns a TV channel, textile factory, mobile network, supermarket chain, modern sports complex, and gas stations throughout the region.

Though partially subsidized by Moscow, Transnistria has been kept “afloat by substantial

⁵This is because pure coercion encourages underproduction. As Olson (1993, 568) put it, “in a world of roving banditry, there is little or no incentive for anyone to produce or accumulate anything that may be stolen and, thus, little for bandits to steal.”

⁶The Transnistrian economy is a peculiar combination of the Soviet command-and-distribution model and free-market characteristics.

⁷Paradoxically, the Moldovan government purchases electricity from the separatist government in Tiraspol (capital of Transnistria).

exports from the...industrial plants that had been constructed [in this territory]" (Hill 2012, 98). In 2012 alone, the value of exports from Transnistrian companies amounted to roughly \$695.5 million, equivalent to approximately 70% of the breakaway republic's GDP (Calus 2013, 3). About two thirds of Transnistrian exports go to Moldova proper and EU countries, while the rest is headed for the post-Soviet space.⁸ Without any doubt, the Transnistrian industrial infrastructure has facilitated the substitution of the sovereign Moldovan government with the de facto state as the main agent engaged in the provision of local governance. The nature of local assets has enabled Transnistrian separatists to successfully construct a parallel system of governance. A 2004 International Crisis Group report noted that Transnistria "established and consolidated its own statelike structures: it has an elected president and parliament, a national bank that issues currency, a judicial system from the lowest courts up to a Constitutional Court, an army, police, militia, a strong internal security service, border guards and a customs service, a constitution, a national anthem, a coat of arms, and a flag" (ICG 2004). Residents of breakaway statelet enjoy free healthcare, free education, subsidized gas and public transportation, and a flat tax rate of 10% (Isachenko 2009). Therefore, the theoretical rationales discussed above and the Transnistrian example suggest that the presence of an economic infrastructure might correlate positively with governance provision in de facto states.

Military support

Separatists in Transnistria have managed to consolidate their rule and build a complex apparatus of governance not only through exploitation of local assets but also with substantial assistance from Moscow. After the collapse of the Soviet Union, Russia has used its military presence in the enclave to provide broad support for Transnistrian separatists (Hill 2012; King 2001).⁹ There is wide consensus that the Russian military presence has

⁸Source: Foreign Trade Statistics (State Customs Committee) of Transnistria.

⁹Russia maintains about 1,500 soldiers in Transnistria.

been instrumental in enabling Transnistrian leaders to consolidate control over the region and embark on a complex state building process (Blakkisrud and Kolstø 2011; Hill 2012; Lynch 2004). Hence, Transnistria's case also indicates that external military support can help rebels institutionalize their rule and bolster their legitimacy in the eyes of the local population (O'Loughlin, Toal, and Chamberlain-Creangă 2013).

Military support is a key structural feature of insurgency that can alter rebels' time horizons. External military assistance can come in different forms: small arms; communication technologies; logistics; military hardware; military personnel; professional trainers; safe havens (Byman 2005; Schultz 2010). Military support provided by an external patron can offer rebel leaders great latitude in maintaining the mobilizational base of their movement and directing material resources towards governance activities (San-Akca 2016). Enforcing order, administering justice, forming popular assemblies, setting up a system of regularized taxation and public administration, operating schools and hospitals, managing local economic affairs, cultivating legitimacy through symbolic practices (such as military parades or monuments dedicated to rebel "warriors") necessitate a hefty "governance chest." Running an alternative government bureaucracy is an onerous undertaking which requires substantial funds that are separate from those allocated for prosecuting the insurgency. As the Transnistrian example illustrates, foreign military sponsorship can facilitate the reallocation of rebel resources towards governance activities. Under the protective umbrella of an external backer, insurgents may be more successful at consolidating their rule and forging a social contract with the local population. In short, external military support can expand separatists' time horizons and can translate into stronger incentives to engage in a wide range of governance practices.

At the same time, foreign military support may preclude the need to provide governance. Beardsley and Quinn (2009) argue that the availability of external resources can shorten rebels' time horizons and can thus reduce incentives for local governance. Just like lootable natural resources, assistance from third parties may create opportunistic rebels who are

interested in short-term private gains than in long-term benefits accrued through the establishment of a functional governance architecture. Kasfir (2015) echoes this argument, and holds that rebels with direct access to external assistance can decide to ignore the needs of the local population, and can focus exclusively on the military aspect of the insurgency. In the same vein, Keister and Slantchev (2014, 14) suggest that, “when donors provide military aid (e.g., materiel, military training, foreign fighters), they lower rebels’ marginal cost of coercion...This might lead rebels to coerce more, serve less, and to radicalize their policies.”

The mechanisms linking external military support with less governance provision by rebels are visible in the case of the Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka during the mid- and late-1980s. In the early stages of the self-determination conflict, the LTTE received arms, equipment, and training from India (Hashim 2013). In particular, the Tamil Nadu government provided “considerable resources to the insurgents in response to populist mobilization in the state calling for protection of ethnic Tamil kin living across the Palk Strait in Sri Lanka. The support from the Tamil Nadu government was extensive and included the establishment of camps for the training of rebel cadres, with the Indian government providing both the armaments and the expertise to use them” (Mampilly 2011, 104-105). Foreign sponsorship allowed LTTE to sustain a well-organized insurgency against Colombo and to violently eliminate internal competitors,¹⁰ but it also reduced rebels’ motivation to provide governance to the local population.

When India abruptly withdrew its support for the LTTE following an agreement between New Delhi and Colombo in 1987, LTTE’s incentives to engage in more extensive local rule changed dramatically. To compensate for the loss of foreign assistance, the organization established a sophisticated and versatile network of illicit activities, began running a formidable fundraising campaign that targeted the large Tamil diaspora in Great Britain, Norway, Denmark, Sweden, Switzerland, Canada, and Australia, and embarked on the process of setting

¹⁰Throughout the 1980s, the LTTE wiped out competitor factions, such as the Tamil United Liberation Front (TULF), Eelam People’s Revolutionary Liberation Front (EPRLF), or People’s Liberation Organization of Tamil Eelam (PLOTE).

up structures of governance in the areas under its control (Hashim 2013; Hastings 2010). It was only after India stopped supporting the LTTE militarily that the group began establishing more elaborate structures of governance and that Tamil Eelam began to be adorned with many accoutrements of statehood. By claiming an exclusive mandate to represent the Tamil cause, “the LTTE went to great lengths to mimic the behavior and appearance of a traditional nation-state” (Mampilly 2011, 215). The examples of the LTTE and Transnistrian separatists thus suggest that the relationship between external military support and rebel governance can run in both directions: on the one hand, foreign sponsorship may reduce the costs of military mobilization and may facilitate the accumulation of resources that can be directed towards governance provision; on the other hand, outside assistance encourages rebels to focus on the military aspect of the insurgency and reduces the need to become stationary and engage in governance activities. The data on de facto states is appropriately suited for empirically adjudicating between these competing mechanisms.

Fragmentation

An insurgency’s organizational make-up is another structural feature that can affect rebels’ time horizons. The internal characteristics of an insurgency, i.e. whether it is cohesive/unitary or fragmented, can be a key source of variability in rebel governance. Intuitively, cohesive/unitary rebel movements should be more successful at institutionalizing alternative orders with state building consequences. A cohesive movement typically “enjoys the organizational power to mobilize mass participation, enforce strategic discipline, and contain disruptive content.” By contrast, a fragmented movement “lacks the leadership, institutions, and collective purpose to coordinate and constrain its members” (Pearlman 2011, 2). Rebel fragmentation (fractionalization) is a common occurrence in civil warfare (Bakke, Cunningham, and Seymour 2012), and has been found to impact various civil war processes, such as escalation from nonviolence to violence, the likelihood of attaining peace settlements, internecine violence, or collaboration with the state (Seymour, Bakke, and Cunningham

2016).

Insurgent fractionalization can affect governance provision through at least two channels. On the one hand, fragmentation can impair rebels' ability to fulfill classic functions associated with government. Where political or military authority within a rebellion is highly contested, valuable resources might be diverted towards factional infighting than towards governance provision. Under such circumstances, rebels are likely to discount the future quite heavily. Conversely, when there is little contention about the locus of nonstate authority, rebels might be better positioned to regulate socio-economic and political affairs in areas under their control. In a thorough analysis of rebel governance patterns, Mampilly (2011, 79) stresses the negative effects of fragmentation on governance activities conducted by rebels: the more fragmented the movement, the less effective the system of governance they seek to establish. Fragmentation is particularly pernicious when there is no external patron to compensate for resources expended on internal strife. For example, fission within the rebel movement was undoubtedly a key driver behind the unraveling of the Chechen insurgency in 1999. After the rebels drove Russian troops out of the republic in August 1996, internal rivalries sapped the organizational strength of the insurgency. Fierce infighting between warlords such as Shamil Basayev and Aslan Maskhadov took precedence over state building activities. The consequences were felt immediately: by early 1999, Chechnya was characterized by almost complete dismantling of institutions, "loss of control over the means of violence, failure to incorporate armed groups in the state, and radicalization of Islamic discourse" (Zurcher 2007, 86).

On the other hand, fragmentation can equally spur rebel governance. When rebel groups face intense competition from rival factions, they are likely to pay more attention to the needs and demands of the local population. Factions that compete for legitimacy and civilian loyalty might use governance as an outbidding tactic with positive externalities for the general welfare in rebel-held enclaves. In the Palestinian territories, for example, Hamas has adopted state building as a key pillar of its strategy to supplant Fatah as the dominant organization

in Gaza. Even before the Gaza takeover in 2007, Hamas put into place a comprehensive system of public service provision that allowed it to dramatically increase its legitimacy in the eyes of local Palestinians (Tessler 2009). After the Gaza takeover, Hamas developed a complex security sector with a civil police, internal security apparatus, and civil defense department. Additionally, the group created a separate judiciary branch and established alternative informal Islamist dispute settlement systems. All these state building efforts indicate “an organization first and foremost invested in institutional politics and strategically committed to preserving its power and control” at the expense of competitor Palestinian groups (Berti 2015, 30). Between 1994 and 1998, internal competition between the two largest Kurdish groups in Iraqi Kurdistan – the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) – produced two separate Kurdish regional governments, one in the Duhok and Erbil provinces controlled by KDP and another in the Suleimaniya province controlled by PUK. In an attempt to bolster their domestic legitimacy and narrow the local credibility deficit,¹¹ KDP and PUK competed to outdo each other through effective governance practices, such as large-scale infrastructure projects (Stansfield 2003). The KDP-PUK governance rivalry throughout the 1990s shows that, at least in some cases, rebels strive to become not only violence monopolists but also governance monopolists. They do so to build a reputation for effective rule in order to gain/maintain legitimacy with the domestic population, to outbid competitor groups, and to deter new entrants on the local marketplace of authority. To sum up, much like external military support, fragmentation can shape rebel governance in opposite directions: internal competition can divert often scarce resources towards internecine fighting or can motivate rebels to organize local affairs more efficiently in order to increase their leverage over the entire insurgent movement. Table 1 provides an overview of the main theoretical expectations.¹²

¹¹Rebels typically suffer from a local credibility deficit: because they lack official status and because there is no higher authority or process that can hold them accountable, they cannot credibly commit that they would hold their end of the social contract. Extensive provision of governance, coupled with civilian involvement in the process, signals commitment to local rule.

¹²Military support and fragmentation do not produce a null effect expectation; rather, the theoretical discussion espoused

TABLE 1 Theoretical expectations (↓ variable associated with lower levels of rebel governance; ↑ variable associated with higher levels of rebel governance)

Rebel governance	
Natural resources	↓
Immobile assets	↑
Military support	↓ ↑
Fragmentation	↓ ↑

Research Design

The theoretical expectations are tested using data on the the entire population of de facto states between 1945 and 2016. Conceptually, a de facto state is 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; performs at least basic governance functions (provision of social and political order); lacks international legal sovereignty¹³; exists for at least 24 months. This definition yields a population of 40 de facto states between 1945 and 2016 (Table 2) that experienced varying outcomes after emergence: six were forcefully reintegrated into their parent states; another six were peacefully reincorporated with some degree of autonomy; four made the transition to full-fledged statehood; and, twenty-four were alive at the end of the observation period (2016).¹⁴

mechanisms that can run in both directions.

¹³Here, international legal sovereignty refers to recognition from a simple majority of United Nations Security Council (UNSC) permanent members plus recognition from a simple majority of UN members.

¹⁴The Supplementary Information includes details about data collection and the codebook for the de facto state dataset.

TABLE 2 De facto state population (1945-2016)

De facto state	Parent state	Emergence	Disappearance	Type of disappearance
<i>Katanga</i>	Congo (DRC)	1960	1963	forceful reintegration
<i>Biafra</i>	Nigeria	1967	1970	forceful reintegration
<i>Krajina</i>	Croatia	1991	1995	forceful reintegration
<i>Chechnya</i>	Russia	1991	1999	forceful reintegration
<i>Anjouan</i>	Comoros	1997	2008	forceful reintegration
<i>Tamil Eelam</i>	Sri Lanka	1984	2009	forceful reintegration
<i>Rwenzururu Kingdom</i>	Uganda	1963	1982	peaceful reintegration
<i>Găgăuzia</i>	Moldova	1991	1995	peaceful reintegration
<i>Bougainville</i>	Papua New Guinea	1975	1997	peaceful reintegration
<i>Eastern Slavonia</i>	Croatia	1995	1998	peaceful reintegration
<i>Ajaria</i>	Georgia	1991	2004	peaceful reintegration
<i>Aceh</i>	Indonesia	2001	2005	peaceful reintegration
<i>Karen State</i>	Burma	1949	—	alive
<i>Kachin State</i>	Burma	1961	—	alive
<i>Taiwan</i>	China	1971	—	alive
<i>Mindanao</i>	Philippines	1973	—	alive
<i>TRNC^a</i>	Cyprus	1974	—	alive
<i>Western Sahara</i>	Morocco ^b	1974	—	alive
<i>Cabinda</i>	Angola	1975	—	alive
<i>Casamance</i>	Senegal	1982	—	alive
<i>Abkhazia</i>	Georgia	1991	—	alive
<i>Kurdistan</i>	Iraq	1991	—	alive
<i>Nagorno-Karabakh</i>	Azerbaijan	1991	—	alive
<i>Puntland</i>	Somalia	1991	—	alive
<i>Somaliland</i>	Somalia	1991	—	alive
<i>South Ossetia</i>	Georgia	1991	—	alive
<i>Transnistria</i>	Moldova	1991	—	alive
<i>Republika Srpska</i>	Bosnia-Herzegovina	1992	—	alive
<i>Palestine</i>	Israel ^c	1995	—	alive
<i>Gaza</i>	Palestine ^d	2007	—	alive
<i>Azawad</i>	Mali	2012	—	alive
<i>Cyrenaica/Eastern Libya</i>	Libya	2012	—	alive
<i>The Islamic State</i>	Syria ^e	2013	—	alive
<i>Rojava^f</i>	Syria	2013	—	alive
<i>People's Republic of Donetsk</i>	Ukraine	2014	—	alive
<i>People's Republic of Luhansk</i>	Ukraine	2014	—	alive
<i>Eritrea</i>	Ethiopia	1964	1993	statehood
<i>East Timor</i>	Indonesia	1975	2002	statehood
<i>Kosovo^g</i>	Serbia	1998	2008	statehood
<i>South Sudan</i>	Sudan	1956	2011	statehood

^aTurkish Republic of Northern Cyprus, ^bAdministered by Morocco, ^cUnder Israeli occupation, ^dUnder Hamas control, ^eParent state is determined by the location of the ISIS capital, Raqqa, ^fAlso known as the Democratic Federation of Northern Syria (DFNS), ^gNot a UN member

Dependent Variable

The dependent variable captures the number of *Governance* institutions that a de facto state exhibits *in any given year* of their existence. Most armed nonstate actors are not unitary (Bakke, Cunningham, and Seymour 2012; Pearlman and Cunningham 2012) but encompass multiple factions that often fight with one another rather than against a common external enemy. The governance institutions variable records the entire range of coercive, extractive, redistributive, and political organization institutions established by the hegemonic/dominant faction in each de facto state during each year of its survival period (or until December 2016 if a de facto state was still alive at that time). Specifically, this variable is a count of the number of statelike institutions in each de facto state, and includes ten indicators of coercive, extractive, redistributive, and political organization activities: (1) an *executive* – coded as present if there is an executive authority that makes decisions in the de facto state (a self-proclaimed, appointed, or elected separatist leader who heads an executive branch that is at least minimally formalized through an executive office) (2) a *legislature* and/or regional council – coded as present if there is a legislative body and/or regional council in the de facto state capital that enacts local laws¹⁵ (3) a *court* or semi-formalized legal system – coded as present if there is a formal or semi-formal juridical authority that adjudicates disputes between individuals or institutions in the de facto state; (4) a *civilian tax system* – coded as present if there are institutions for regularized extraction of taxes from local civilians/businesses or from the diaspora; (5) an *educational system* – coded as present if the authorities in the de facto state establish a system of education that functions in parallel with, or in lieu of, the one provided by the parent state; (6) a *welfare system* – coded as present if the authorities in the de facto state establish a system of welfare (provision of healthcare and/or pensions) that replaces or complements the one provided by the parent

¹⁵Where they are present, “rubber-stamp” legislatures in de facto states perform similar functions as parliaments in dictatorships (Gandhi 2008). Separatist leaders typically establish these official, yet powerless, bodies to project at least a modicum of legitimacy but, most importantly, to neutralize internal threats to their power.

state; (7) institutions for *foreign affairs* – coded as present if the authorities in the de facto state conduct diplomacy¹⁶ by creating a foreign affairs bureaucracy, establishing missions abroad, and/or engaging in formal contacts with NGOs, IGOs, foreign governments, or other subnational entities (such as regional authorities);¹⁷ (8) *media* or propaganda system – coded as present if the authorities in the de facto state establish media or propaganda outlets (TV, newspapers, radio, or, more recently, social media presence);¹⁸ (9) *police* and/or gendarmerie system – coded as present if the authorities in the de facto state establish a system of domestic control (police and/or gendarmerie) that operates separately from the separatist army; (10) a *central banking system* – coded as present if the authorities in the de facto state establish a central banking system that functions separately from the parent state’s banking network or if they adopt and widely use a different currency.¹⁹ The mean for the governance variable is 6.12 while the median is 7 (Table 3 presents descriptive statistics). For instance, Transnistria (Moldova) registers a value of 7 for its emergence year (1991) and a value of 10 for the 1992-2011 period. Găgăuzia, a short-lived de facto state in the same

¹⁶According to Huang (2016, 94), a rebel group conducts diplomacy when it engages in any of the following acts: (1) opens a political office abroad; (2) sends representatives abroad on political missions; or (3) creates a political body devoted to the conduct of foreign affairs.

¹⁷Coggins (2015, 115) makes a compelling case that rebel diplomacy is an instance of rebel governance as it can affect insurgents’ ability to consolidate their rule and provide public goods. Huang (2016, 100-101) holds that diplomacy is a form of “rebelcraft” which allows rebel groups to showcase that they “are capable of conducting an important act – foreign affairs – that is typically understood to be the preserve of recognized states.”

¹⁸Governance includes symbolic manifestations of political power as well (Scott 1990). Mampilly (2015, 76) argues that the symbolic manipulation of the public domain through propaganda activities serves “both instrumental and normative purposes by entrenching and legitimizing the insurgent political authority.” Some de facto states, like Iraqi Kurdistan or Nagorno-Karabakh, have also established a complex social media presence, especially on Twitter.

¹⁹It is worth mentioning that reports on the simple presence of a governance institution were not sufficient for coding purposes; rather, the coding process implied looking for information that the respective institution was functional. For example, in the early 1990s, separatists from Republika Srpska Krajina – a Serbian breakaway enclave in Croatia – established a ‘Ministry of Foreign Affairs.’ However, this institution existed mainly on paper; in practice, this ‘Ministry’ did not have a proper office or even diplomats who could speak a foreign language (Caspersen 2012). In this case, the coding did not record an operational institution for the conduct of foreign affairs.

country, registers a value of 2 on this variable for its entire survival period (1991-1995).

Independent Variables

The first proposition posited that exploitable natural resources would increase separatists' discount rate (the rate at which they discount expected benefits from institutionalized rule) and would thus correlate negatively with governance activities. To account for the effect of *Natural resources* on the variability in statelike institutions across de facto states, I use a dichotomous indicator which marks the presence of lootable mineral resources (e.g., oil; diamonds; gems and precious metals) in these enclaves. Mineral resource data are taken from Ross (2004) and the U.S. Geological Survey. The second expectation held that fixed, or relatively *Immobile assets* such as an industrial or agricultural infrastructure, are likely to extend separatists' time horizons (decrease their discount rates). In the presence of such assets, insurgents have rational incentives to settle down, become "rulers of the domain," and embark on the onerous, but potentially rewarding, task of governing the area under their control. To gauge the impact of asset specificity on de facto state leaders' incentives for greater or lesser governance, I rely on a binary variable which takes a value of 1 if there is an industrial (like in People's Republic of Donetsk) or agricultural (like in Somaliland) infrastructure that is administered by the hegemonic separatist group.

The third expectation postulated that foreign military assistance can markedly shape insurgents' time horizons and, therefore, their governance strategies. The ideal measure for external *Military support* would be an estimated dollar amount of military assistance a de facto state gets from other countries. The covert nature of military interactions between de facto states and external patrons limits the availability of such data. To circumvent this problem, I resort to a second-best measurement. Specifically, I construct a proxy that captures how much external military assistance a de facto state gets in any given year from state sponsors (Byman et al. 2001; Carter 2012; San-Akca 2016). This variable is a score composed of five types of external military support, where each type of support is weighted

equally: (1) weaponry and military hardware; (2) foreign military personnel; (3) foreign military advisors; (4) training for de facto state troops abroad; and (5) safe havens. The mean value for this variable is 2.77 while its median is 3. For example, Tamil Eelam registers a score of 4 for the 1984-1988 period when the LTTE received substantial support from India, and a score of 1 after 1988 when New Delhi withdrew its military assistance.

Finally, the last conjecture expected that de facto state governance will likely be impacted by the level of *Fragmentation* in the separatist movement. To measure the level of fragmentation within each de facto state, I look at the number of factions that make demands on behalf of the separatist polity (Bakke, Cunningham, and Seymour 2012). The higher the number of factions, the higher the level of fragmentation of the rebel movement. A faction is an organization that claims to represent the population of the de facto state and makes demands regarding the status of the enclave, such as: reintegration into the parent state; limited autonomy; broad autonomy; no change in status; independence; (re)union with another state; membership in a supra-national entity. A faction can be a political party, military organization, or civic group that operates within or outside the de facto state. The fragmentation variable ranges from 1 to 21 with a mean of 4.32 and a median of 3. Ajaria, Găgăuzia, and Rwenzururu Kingdom are the only de facto states with a single faction throughout their entire existence, while Palestine displays the largest number of factions – 21 at the end of the observation period.

Control Variables

Several other factors can be systematically correlated with a separatist group's decision to create governance institutions as well as with the four covariates of interest. One is the presence of *Peacekeepers* in de facto states, which effectively insulates the territory from the parent state, helps separatists cement a violence monopoly, and thus broadens their time horizons. Prior scholarship suggests that, while peacekeepers may prevent conflict recurrence, their presence can also consolidate rebel authority (Fortna 2008). Beardsley,

Gleditsch, and Lo (2015) argue that peacekeeping operations may allow nonstate actors to gain strength and legitimacy, and constitute an even greater future threat to the parent state. Specifically, peacekeepers “can contain conflict by decreasing the tactical advantage of mobility for the rebels, by obstructing the movement of armed actors, and by altering the ability for governments to seek and confront rebel actors...On the other hand, [peacekeepers] may allow nonstate actors to gain strength and legitimacy and thus constitute an even greater future threat to the state whether some form of accord is not reached” (Beardsley and Gleditsch 2015, 67). Therefore, with peacekeepers present, one might expect de facto leaders to be shielded from external threats and to direct more resources towards governance activities. Data on the presence of peacekeepers in de facto states are based on Fortna (2008).

Additionally, the strength of the rebel group relative to the parent state – a proxy for the nature of the threat environment in which actors operate – might substantially impact incentives to become predatory or stationary (Stewart 2018). As Beardsley, Gleditsch, and Lo (2015, 506) note, governance provision could be a function of relative capability: stronger insurgent groups are better positioned to stay localized, compete successfully with parent states, and gain legitimacy through the provision of order and public services. Following this logic, I include an ordinal variable that captures the *Relative capability* between the separatist army and the government, with data from the Nonstate Actor Dataset (Cunningham, Gleditsch, and Salehyan 2009).²⁰

Two other factors can influence governance provision by insurgents: the size of the local population and ethnic diversity in the rebel-held area. Larger populations enlarge the range of taxable assets and activities, but also increase demand for public goods provided by the rebel organization. All else equal, ethnically diverse populations demand more extensive, and

²⁰This variable includes the following categories: 1 weaker than the government; 2 at parity with the government; 3 stronger than the government; 4 much stronger than the government. Original coding was carried out for the years not covered in the Nonstate Actor Dataset following a similar protocol.

more diverse, public goods, which raises the overall costs of governance (Alesina and Spolaore 2003). By contrast, homogeneous enclaves inhabited by concentrated minorities can, in theory, be governed through leaner and more effective institutions (Toft 2003). Not only do concentrated minorities have less diverse needs, they also reduce the costs of monitoring and enforcement (Roessler 2011). To account for these other confounding factors, I include two controls: a continuous variable (logged) that captures the *Population* in each de facto state and a binary covariate that codes for whether the breakaway entity is inhabited by a concentrated *Ethnic minority*.²¹

Further, a large body of research (Kalyvas 2015; Mampilly 2011; Stewart 2018) suggests that given their focus on mass-mobilization and class-based contention, Marxist/communist insurgencies are more likely to establish elaborate institutions of self-rule. As Stewart (2018) points out, these groups often create “people’s governments” and engage in extensive public service provision. The ideological and organizational profile of Marxist/communist rebellions also equips them to commit more credibly to good governance, which is likely to facilitate civilian cooperation and reduce resistance to nonstate rule. To account for the effects of ideology on separatists’ governance practices, I include a binary variable, *Ideology*, which marks whether the hegemonic separatist organization in each de facto state embraces Marxist/communist precepts. Additionally, I control for the number of states that recognize a de facto state during each year of its survival period (*Recognition*). International recognition can affect patterns of external military support as well as the establishment of certain governance structures, such as an institutional architecture for the conduct of foreign relations. Finally, much of the rebel governance process is endogenous to civil warfare. Ongoing *War* can critically shape rebel strategies regarding the institutionalization of an alternative system of government (Arjona 2016; Kasfir 2015; Mampilly 2011). Protracted fighting against the

²¹Most, but not all, de facto states are dominated by a concentrated minority group. For example, Transnistria is ethnically diverse, comprising three large ethnic groups: Moldovans, Russians, and Ukrainians (each of these groups makes up roughly 30% of the total population).

government, or against internal competitors that may challenge the hegemonic faction, diverts resources from governance to military mobilization, exacerbates the uncertainty about the evolution of the conflict, and decreases rebels' time horizons. In sum, ongoing conflict likely reduces separatists' ability and willingness to engage in extensive governance practices. This last control variable marks the presence of military conflict between separatists in de facto states and the government, or between the hegemonic faction in the enclave and internal adversaries, with data taken from UCDP/PRIO.

TABLE 3: Descriptive statistics

	Min.	Max	Mean	Median	St. dev.
Governance institutions	1	10	6.12	7	3.28
Natural resources	0	1	.44	0	.49
Immobile assets	0	1	.45	0	.49
Military support	0	5	2.77	3	1.41
Rebel fragmentation	1	21	4.32	3	3.55
Peacekeepers	0	1	.26	0	.44
Relative military cap.	1	4	2.20	2	.90
Ideology	0	1	.12	0	.32
De facto state population (log)	4	10.1	7.13	7.30	1.50
Ethnic minority conc.	0	1	.94	1	.22
Recognition	0	190	7.74	0	23.02
War	0	1	.42	0	.49

Results and Discussion

Given the nature of the dependent variable (by construction, a de facto state can display between 1 and 10 governance institutions in any given year), auto-correlation, and non-independence of observations (the establishment of governance institutions at time $t+1$ is unlikely to be independent of governance institutions at time t), I employ interval regression with robust standard errors clustered by de facto state to assess how the covariates impact the variability in governance institutions.²² Interval regression is suitable for model-

²²Alternative estimators, such as OLS and ordered probit, produce substantively similar results. See Table A1 in the supplementary materials.

ing outcomes with interval censoring where there is uncertainty about the true value of the dependent variable (Rabinowitz, Tsiatis, and Aragon 1995). To guard against false positives, the coding protocol required at least three sources for marking the presence of each governance institution in every de facto state during each year of its survival period.²³ Yet, as is the case with data collection processes that rely extensively on publicly available secondary sources (Huang 2016; Weidmann 2016), completely eliminating false positives (governance institutions may erroneously be reported to be present) or false negatives (existing governance institutions may not be accurately reported/underreported) is a daunting undertaking. Interval regression helps address this quandary by calculating the corresponding probability of the outcome value lying within the designated range (1 to 10 governance institutions).

Table 4 presents the empirical results while Figure 1 depicts covariate effects on the predicted number of governance institutions across de facto states. All variables are lagged one year to preserve their exogeneity vis-à-vis the outcome. The expectation that the presence of lootable natural resources would correlate negatively with consolidated separatist rule is empirically corroborated (albeit not conclusively so in the full model that includes all covariates). In Models 1 through 4, the sign for this variable operates in the expected direction and suggests that the presence of exploitable mineral resources shapes separatists' incentives towards predation rather than state building. When it comes to the nature of assets in insurgent-held territory, the full model (Model 4) strongly supports the expectation that an industrial or agricultural infrastructure controlled by separatists likely expands their time horizons and fundamentally affects their strategy towards highly institutionalized rule. All else equal, those de facto states with immobile assets that can be used for taxable economic output display, on average, 2.055 additional statelike institutions compared to those de facto states that lack such assets. Therefore, these findings indicate that, where fixed assets such as an industrial or agricultural infrastructure are abundant, one should see greater levels of

²³Coding decisions were taken very conservatively - each governance institution required at least three independent sources to be coded as present. See the supplementary materials and codebook.

state building across secessionist enclaves.

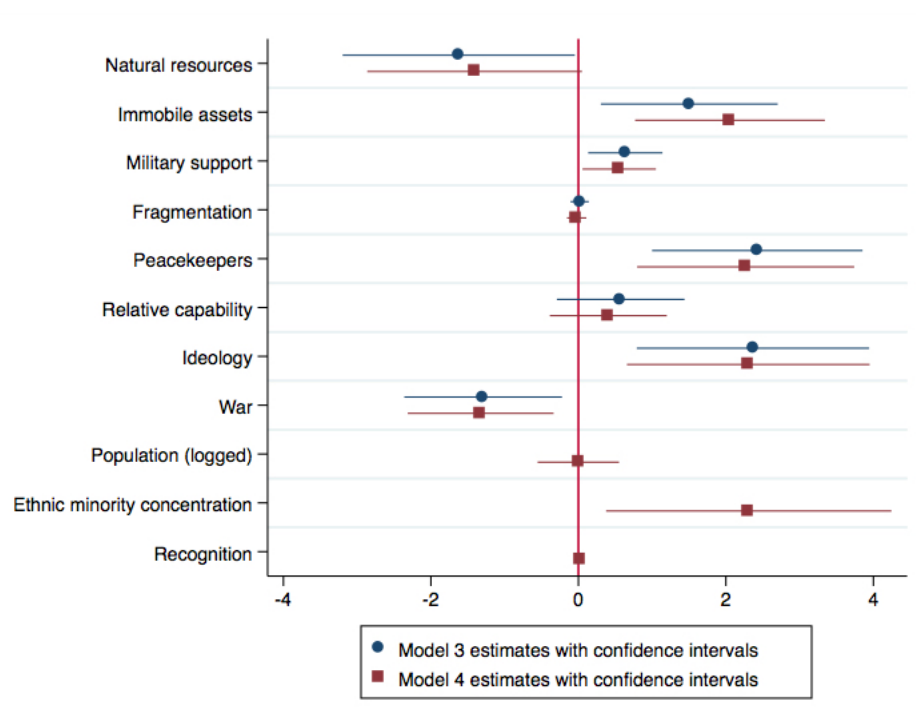
As for the impact of foreign military assistance on de facto state governance, the estimates provide strong support for the conjecture that separatists who receive substantial military support are more likely to govern extensively the area under their control. More precisely, for each type of external support received by de facto states, the average number of governance institutions increases by 0.552 (Model 4 estimates). External military support reduces the uncertainty about maintaining effective mobilization against the government, enlarges rebels' time horizons, and facilitates the allocation of a greater share of resources to the state building project. Under the protective umbrella of military aid from outside supporters, de facto states are better equipped to build a complex governance apparatus and act like a functional statelike entity. While the results for external military support are robust, the findings for the fragmentation covariate exhibit intriguing patterns. Across three specifications, the coefficient is positive, which would convey the idea that highly fragmented rebel movements are more inclined than unitary movements to engage in governing the local population. This pattern would suggest that, in an attempt to “win the hearts and minds” of civilians and enhance its legitimacy in the eyes of both domestic and international audiences, the dominant faction within a splintered insurgent movement would be more likely to engage in governance activities. This would be an important finding because it would highlight a previously uncovered consequence of rebel movement fragmentation for conflict processes (Cunningham, Bakke, and Seymour 2012). Nevertheless, while the positive sign for the coefficient is consistent across the first three specifications, it fails to achieve conventional standards of significance. Moreover, in the full model (Model 4) the sign of the coefficient is negative and statistically insignificant, which precludes us from establishing any meaningful relationship between the organizational structure of separatist enclaves and governance patterns in these self-ruling territories.

TABLE 4: Empirical results

Variable	Model (1)	Model (2)	Model (3)	Model (4)
Natural resources	-2.148** (1.014)	-1.745* (0.980)	-1.622** (0.803)	-1.407* (0.742)
Immobile assets	1.742* (1.015)	1.289 (0.868)	1.503** (0.611)	2.055*** (0.656)
Military support	0.871*** (0.297)	0.817*** (0.274)	0.635** (0.256)	0.552** (0.253)
Rebel fragmentation	0.075 (0.061)	0.116** (0.058)	0.016 (0.063)	-0.023 (0.066)
Peacekeepers			2.425*** (0.727)	2.268*** (0.750)
Relative military capab.			0.573 (0.441)	0.405 (0.404)
Ideology			2.366*** (0.803)	2.303*** (0.839)
De facto state population (log)				-0.001 (0.281)
Ethnic minority conc.				2.309** (0.986)
Recognition				0.016 (0.012)
War		-1.775** (0.709)	-1.001** (0.545)	-1.325*** (0.504)
<i>Constant</i>	<i>3.534*** (1.085)</i>	<i>4.285*** (0.850)</i>	<i>2.673*** (0.883)</i>	<i>0.847 (1.577)</i>
<i>N</i>	<i>893</i>	<i>893</i>	<i>893</i>	<i>889</i>
<i>Nb. of groups</i>	<i>40</i>	<i>40</i>	<i>40</i>	<i>40</i>

Interval regression coefficients are reported with robust standard errors clustered by de facto state (in parentheses). The dependent variable is number of governance institutions in de facto states. Covariates are lagged one year to maintain their exogeneity vis-à-vis the outcome.
 * $p < .10$; ** $p < .05$; *** $p < .01$

FIGURE 1: Covariate marginal effects on the number of governance institutions in de facto states



Looking at the control variables, several findings are noteworthy. As anticipated in the theoretical discussion, the presence of international peacekeepers is positively associated with rebel state building. A de facto state that has peacekeepers on its territory manages to build, on average, 2.268 additional governance institutions compared to a separatist enclave where peacekeepers are absent (Model 4 estimates). This large and highly significant effect supports the argument that, by preventing the resumption of hostilities and freezing the status quo, peacekeeping operations may inadvertently facilitate the consolidation of rebel rule (Beardsley and Gleditsch 2015; Fortna 2008). The results suggest that, at least for a subset of separatist struggles, peacekeeping operations may be more useful as conflict prevention tools than as conflict resolution mechanisms. The institutionalization of rebel rule in separatist enclaves where peacekeepers are present likely reduces insurgents' incentives to agree to any deal that marks a departure from the status quo – a situation which is likely to prolong rather than solve the conflict.

The results under the full model (Model 4) also indicate that ideology is a strong predictor of the extent of rebel governance across de facto states: all else equal, separatist enclaves ruled by an organization that adopts a Marxist/communist agenda display, on average, 2.303 additional governance institutions compared to those de facto states controlled by differently motivated groups. The findings corroborate existing studies (Kalyvas 2006; Mampilly 2011; Stewart 2018) which argue that one of the hallmarks of Marxist/communist insurgencies is revolutionary state building – the construction of a functional apparatus of self-rule as an alternative authority structure to a predatory central government. The sign for relative military capability operates in the expected direction – stronger rebels are likely to provide governance more extensively than weaker rebels – but fails to achieve significance.²⁴ The de facto state population is another statistically insignificant control variable. This pattern validates the observed distribution of governance institutions across both larger and smaller

²⁴The variable remains insignificant even when external military support is dropped from the model due to collinearity concerns.

de facto states. For example, a comparatively high number of governance institutions can be seen both in South Ossetia (Georgia), with a population of approximately 50,000 people, and in Somaliland (Somalia), with a population of roughly 3.5 million people.

Official international recognition (captured by the number of UN-member states that recognize a de facto state during each year of its existence) does not seem to have a significant impact on the extent to which separatists institutionalize their rule. This is not entirely surprising: international recognition is quite rare among de facto states (see Table 3) while governance activities are fairly common (hence, something else must be driving the variation in the outcome of interest). On the other hand, the results support the expectation that ethnic minority concentration is associated with a greater range of state building institutions across de facto states. Most (but not all) of these separatist enclaves are inhabited by concentrated minorities which have more homogeneous needs and facilitate better monitoring and enforcement – altogether, factors that are likely to reduce the costs of governance provision. Finally, ongoing war operates in the expected direction and confirms the expectation that violence can seriously disrupt state building processes in de facto states. All else equal, a de facto state that is embroiled in conflict manages to build, on average, 1.325 fewer governance institutions compared to a similar entity that is relatively peaceful. The coefficient is significant across all specifications and indicates that violence can seriously undermine insurgent state building processes. Ongoing conflict likely reallocates resources towards military mobilization, exacerbates the uncertainty over the enclave’s survival prospects, shrinks separatists’ time horizons, and reduces their ability or willingness to commit valuable resources to the state building project.

Conclusion

De facto states, such as Abkhazia or Northern Cyprus, are resilient separatist enclaves that strive to achieve independence. To bolster their domestic and international legitimacy, these

entities embark on wide range of governance activities and appropriate most, if not all, functions of sovereign statehood. Despite the fact that successful state building efforts enhance de facto states' legitimacy with domestic and international audiences and bolster their independence claims, these entities engage in varying governance practices: some construct a fully functional statelike architecture of separate rule while others are less successful at governing the territory and population that they control militarily. Relying on originally collected data on all de facto states between 1945 and 2016, this study argued that these enclaves' governance activities (activities of coercion, extraction/taxation, redistribution/public goods provision, and political organization) are mainly driven by separatist leaders' time horizons – that is, by the extent to which rebels value future outcomes relative to present ones. In turn, de facto state leaders' time horizons are likely shaped by two environmental conditions – the presence of lootable mineral resources and the nature of local assets – and two structural features of the rebel movement, external military support from third parties and the organizational characteristics of the insurgency (whether it is unitary or fragmented).

Several empirical patterns stand out. De facto state separatists are less likely to provide governance when they have access to expropriable natural resources but are more likely to do so when they rule over territories with relatively immobile assets (i.e. with an industrial or agricultural infrastructure) and when they receive external military assistance. These findings suggest that fixed local assets and foreign military support expand separatists' time horizons and incentivize them to become stationary. The analysis also reveals that rebel state building is likely to be more extensive when peacekeepers are present, when insurgents embrace a Marxist/communist ideology, and when they rule over large concentrated minorities. Intuitively, ongoing warfare with the government, or with competitor armed nonstate groups, reduces de facto state leaders' ability to successfully carry out their state building projects.

The findings carry several implications. Thus far, the bulk of the literature on rebel governance has examined the influence of insurgents' state building activities on various conflict

outcomes, such as bargaining failure, negotiations (Heger and Jung 2016), civilian resistance against rebel rule (Arjona 2015), or post-conflict democratization (Huang 2016). With few exceptions (Arjona 2016; Keister and Slantchev 2014; Mampilly 2009; Stewart 2018), the factors that explain the variation in rebel governance itself have not been thoroughly investigated. This article expands our knowledge of the conditions under which rebels are most likely to establish complex institutions of self-rule. Relatedly, this study contributes to debates on state building processes in the midst of civil warfare. De facto states are territories where two rival sovereigns, a legally sovereign government and an empirically sovereign rebel movement, compete for power and engage in a gamut of governance activities, setting up coercive, extractive, and redistributive activities which showcase their ability as political organizations to rule effectively over the local population.

More broadly, the article enhances our understanding of the fragmentation of authority between state and nonstate territorial actors in the contemporary international system. Large swaths of land in Eurasia, North Africa, or the Middle East remain under the control of rebel organizations that consolidate their authority through the establishment of sophisticated governance architectures. Although in the public discourse these areas are typically described as being “ungoverned,” they are, in fact, “differently governed” (Clunan and Trinkunas 2010; Risse 2011). Where state authority is displaced following violent rebellions, internal anarchy does not automatically ensue; rather, in many civil war situations, nonstate territorial actors consolidate alternative structures of authority and, thus, pose a serious challenge to territorial statehood and sovereignty. In the contemporary international environment, the Weberian state no longer holds a monopoly over the governance market (if it ever did). Instead, the state is joined by a plethora of “other actors, benign and malign, who sometimes compete...in providing governance and security through bottom-up and horizontal forms of organization” (Clunan and Trinkunas 2010, 6).

The empirical patterns revealed in this study hold policy relevance as well. The international community is presented with two antithetical images of rebel governance: a “malign

rebel governance” image whereby radical insurgencies, such as the one carried out by the Islamic State of Iraq and al-Sham (ISIS) in Syria and Iraq, secure territorial control, operate economies of warfare, engage in clandestine activities, forge bonds with the local population, attract high number of recruits, conquer adjacent or distant spaces, and create a cauldron of instability across large pockets of territory; and, a “benign rebel governance image” whereby moderate rebellions, such as the one in Iraqi Kurdistan, successfully manage local affairs and provide order and security in what might otherwise be an anarchic environment. Devising the best policy instruments to deal with these contemporary challenges requires a deep appreciation for the incentives rebels have to become ‘rulers of their own domains.’ This study aspired to take us closer to a better understanding of those incentives.

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Supplementary Materials

I. De facto states codebook

The de facto states codebook is provided as a separate document.

II. Identifying the population of de facto states

To identify the population of de facto states between 1945 and 2016, a multi-pronged strategy was adopted. The starting point was the fairly robust case study literature on the phenomenon of de facto separation (e.g., Bahcheli et al. 2004; Caspersen 2012; Caspersen and Stansfield 2011; Geldenhuys 2009; Lynch 2004; O’Loughlin et al. 2011; Pegg 1998; Seymour 2008). The corpus of these works begins with Pegg (1998) who identifies 4 de facto states (Eritrea, Somaliland, Transnistria, TRNC) and ends with Caspersen (2012) who categorizes 17 such entities.²⁵ The case study literature produced an initial list of de facto states which was then supplemented by cases identified in quantitative and formal works. For example, Chapman and Roeder (2007) code for the presence of 10 de facto states,²⁶ and Sorens (2012) categorizes 12 de facto states.²⁷ Finally, Graham and Horne (2012) identify 27 de facto states.²⁸

²⁵Abkhazia, Bougainville, Chechnya, Eritrea, Găgăuzia, Iraqi Kurdistan, Kosovo, Montenegro, Nagorno-Karabakh, Republika Srpska, Krajina, Somaliland, South Ossetia, Tamil Eelam, Transnistria, Taiwan, TRNC. All of these are included in the *De Facto States* dataset except for Montenegro which did not exert military control over its territory before independence in 2006.

²⁶Abkhazia, Chechnya, Croatia, East Timor, Kosovo, Iraqi Kurdistan, Nagorno-Karabakh, South Ossetia, Transnistria, TRNC. All of these are included in the *De Facto States* dataset except for Croatia which functioned as a de facto state for one year only (1991).

²⁷Abkhazia, Ajaria, Kosovo, Iraqi Kurdistan, Republika Srpska, South Ossetia, Nagorno-Karabakh, Puntland, Somaliland, Southwestern Somalia, Transnistria, TRNC. The *De Facto States* dataset includes all of them except for Southwestern Somalia—a territory controlled by the Rahanweyn Resistance Army which recognizes the government’s authority over the region. We also exclude two parent states (Bosnia-Herzegovina and Cyprus) that Sorens codes as de facto states.

²⁸Abkhazia, Ajaria, Anjouan, Bangladesh, Biafra, Bougainville, Chechnya, Croatian Republic of Herzeg-Bosna, East Turkestan Republic, Eritrea, Găgăuzia, Hyderabad, Katanga, Kosovo, Krajina, Nagorno-Karabakh, Republic of Mahabad, Republika Srpska, Somaliland, South Ossetia, South Sudan, Taiwan, Tamil Eelam, Transnistria, TRNC, Western Bosnia, Western Sahara. We include all of these except for Bangladesh, Croatian Republic of Herzeg-Bosna, East Turkestan Republic,

During the next step in the process of assembling the population of de facto states, the list of self-determination movements provided by the Minorities at Risk (MAR) project was consulted. This was done to ensure that other cases of de facto separation were not left out by previous qualitative, quantitative, or formal studies. However, the information provided by MAR is not comprehensive. With that in mind, several other sources were consulted to detect information about the existence of a de facto state that was not reported by MAR. These alternative sources included the following: UCDP/PRIO nonstate actor data, Uppsala Conflict Database, Coggins' (2011) secession and great power recognition dataset, Cunningham's (2015) self-determination dataset, Griffiths' (2015) secessionist movement data, Sambanis's (2004) civil war coding notes, Ethnic Power Relations (EPR) dataset, Federation of American Scientists (FAS) list of Liberation Movements, Terrorist Organizations, Substance Cartels, and Other Para-State Entities, Keesing's World News Archives, Lexis Nexis, Library of Congress country studies, Encyclopedia Britannica, and, most importantly, case histories on each self-determination movement. Finally, to arrive at a final list of de facto states and to guard against both false positives (cases that might have been incorrectly classified as de facto states) and false negatives (other cases of de facto separation that might have not been included in the dataset), the author consulted with area experts.

For the originally coded variables, such as the number of governance activities in each de facto state, the author relied on primary and secondary sources. The codebook includes case narratives, a list of the sources consulted for each de facto state, as well as page references that justify coding decisions. Coding for the 1945-2011 was performed solely by the author. Coding for the 2011-2016 de facto states was conducted by the author and two research assistants. It is worth noting that, to avoid false positives and false negatives, the coding process was carried out very conservatively and followed a simple rule: a de facto state characteristic (for instance, the presence of a separate educational system in a breakaway enclave) was coded as present in any given year if it was *explicitly* described in at least 3

Hyderabad, Republic of Mahabad, Western Bosnia which do not meet the definitional criteria.

publicly available sources.

III. Robustness tests

Table A1 shows that the main results are generally robust to the inclusion of additional controls (Model 5), the use of alternative estimators (Models 6 and 7), and the exclusion of the post-Soviet de facto states (Model 8).

Additional controls

Model 5 in Table A1 presents results with two additional controls: *Prior autonomy/independence* for the de facto state and *Cold War* period. Those de facto states that have benefited in the past from autonomy or independence may display a more elaborate governance architecture. Prior structures of self-rule may enable separatists to better coordinate the governance process and consolidate their legitimacy with domestic audiences (Griffiths 2015, 2016). At the same time, a de facto state's prior status can serve as a focal point for future cooperation with the government. As Carter and Goemans (2011) point out, previous center-periphery institutional arrangements coordinate actor expectations about bargaining outcomes. For example, a legacy of autonomy mitigates coordination problems related to the range of possible institutional configurations that can be produced by negotiations between separatists and the government. According to this logic, the establishment of a de facto state could be a bargaining strategy that separatists might employ to extract concessions from the government during negotiations over the status of the enclave. Hence, with a final autonomous status in mind, separatists would be less inclined to build a comprehensive apparatus of self-rule. To account for these possible effects, I include a dichotomous indicator for prior autonomy/independence. Model 5 estimates support the latter rather than the former rationale. As shown in Table A1, those de facto states that benefited from prior autonomy/independence display, on average, 1.668 fewer governance institutions. As for the Cold War effect, during this period most internal conflicts were conducted irregularly (Ka-

lyvas and Balcells 2010) and were mainly aimed at government overthrow. A quick glance at Cold War de facto states reveals that many of those rebellions actually started out as anti-regime struggles (not least because of the international community’s aversion towards independence outside decolonization); however, with the strengthening of government power, they later morphed into all-out self-determination struggles. For example, the Sudan People’s Liberation Army openly advocated regime change in Khartoum rather than full-fledged independence until the late 1990s. One would thus expect Cold War de facto states to erect fewer governance institutions since the underlying goal of insurgents was, initially, government change rather than the creation of a new state. Indeed, Model 5 seems to corroborate this logic. The coefficient is negative and suggests that a Cold War de facto state displays, on average, 1.245 fewer governance institutions than a post-Cold one.

TABLE A1: Robustness tests

Variable	Model 5 (addl. controls)	Model 6 (OLS)	Model 7 (Probit)	Model 8 (No post-Soviet)
Natural resources	-1.567** (0.628)	-1.407* (0.747)	-0.936** (0.428)	-1.159 ^a (0.718)
Immobile assets	1.983*** (0.575)	2.055*** (0.660)	1.226*** (0.353)	1.664** (0.778)
Military support	0.499** (0.236)	0.552** (0.255)	0.361*** (0.124)	0.417* (0.237)
Rebel fragmentation	-0.075 (0.063)	-0.023 (0.067)	-0.017 (0.034)	-0.072 (0.066)
Peacekeepers	2.241*** (0.642)	2.268*** (0.755)	1.224*** (0.346)	2.920*** (0.799)
Relative military capab.	0.091 (0.352)	0.405 (0.407)	0.126 (0.220)	0.498 (0.374)
Ideology	1.863** (0.919)	2.303*** (0.844)	1.152*** (0.353)	2.496*** (0.827)
De facto state population (log)	0.069 (0.231)	-0.001 (0.283)	0.058 (0.146)	0.400 (0.322)
Ethnic minority conc.	3.075*** (0.909)	2.309** (0.993)	0.796* (0.441)	1.204 (1.252)
Recognition	0.010 (0.012)	0.016 (0.012)	0.001 (0.005)	0.018 (0.012)
War	-0.994*** (0.385)	-1.325** (0.507)	-0.772*** (0.238)	-1.549*** (0.543)
Prior autonomy/indep.	-1.668*** (0.559)			
Cold War	-1.245*** (0.352)			
<i>Constant</i>	<i>1.708 (1.487)</i>	<i>0.847 (1.586)</i>		<i>0.878 (1.944)</i>
<i>N</i>	<i>889</i>	<i>889</i>	<i>889</i>	<i>762</i>
<i>Nb. of groups</i>	<i>40</i>	<i>40</i>	<i>40</i>	<i>33</i>

Regression coefficients are reported with robust standard errors clustered by de facto state (in parentheses).
The dependent variable is number of governance institutions in de facto states.
Covariates are lagged one year to maintain their exogeneity vis-à-vis the outcome.
* $p < .10$; ** $p < .05$; *** $p < .01$; ^a $p < .11$

Alternative estimators

Models 6 and 7 present results with alternative estimators, OLS and Ordered Probit. Overall, the findings are consistent with the main specification (Model 4). For both OLS and Ordered Probit, the direction and magnitude of coefficients is roughly comparable with the interval regression estimates. While OLS and Ordered Probit largely produce results that are substantively similar to the main model, they suffer from important shortcomings. OLS does not reflect the uncertainty about the true outcome value within the observed interval (1 to 10 governance institutions) and does not adequately address left- and right-censoring in the tails. Ordered Probit expresses predicted values in terms of membership of each of the 10 categories; furthermore, when converted into ordinal categories, the data does not meet the proportional odds assumption.

Results without the post-Soviet de facto states

Finally, Model 8 presents the results of the full model with the post-Soviet de facto states dropped out from the analysis. The case study literature on de facto states overwhelmingly focuses on the separatist enclaves that emerged in the aftermath of the collapse of the Soviet Union (Chechnya; Găgăuzia; Ajaria; Abkhazia; South Ossetia; Nagorno-Karabakh; Transnistria). Some may argue that a great deal of the variability in predictors and outcomes might be driven by the characteristics of the post-Soviet de facto states: after all, many have inherited an industrial infrastructure, have been quite successful at attracting external military support, and have built sophisticated structures of governance. Model 8 in Table A1 seems to lend some credence to this conjecture. The coefficients on lootable natural resources and minority concentration lose their significance when the post-Soviet de facto states are dropped from the main model. At the time, the other findings are generally consistent with the main model. While the post-Soviet separatist enclaves seem to exhibit some dynamics of their own, the phenomenon of de facto separation is much larger both spatially (the post-

Soviet separatist enclaves comprise only 17.5% of the entire population of de facto states) and temporally (many de facto states were born and survived before 1989). Hence, a fuller analysis of state building processes in de facto states would include the entire population of these actors – precisely what this manuscript aims to accomplish.

IV. Distribution of governance institutions across de facto state-years

Figures A1 and A2 display the distribution of governance institutions across de facto state-years.

FIGURE A1: Distribution of governance institutions across de facto state-years

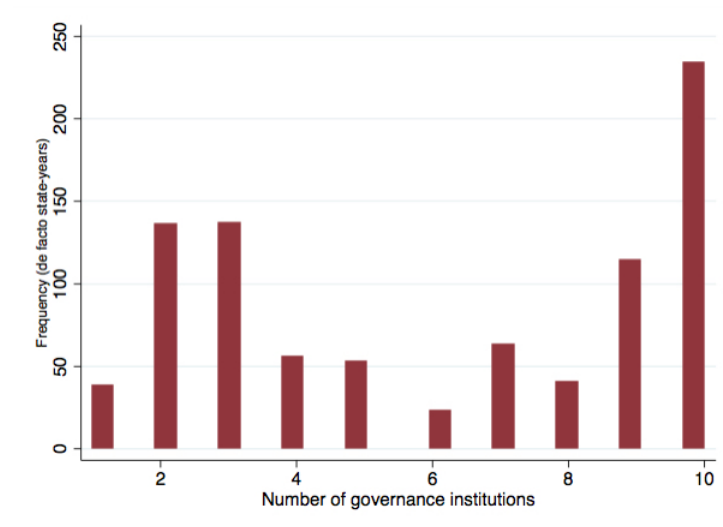
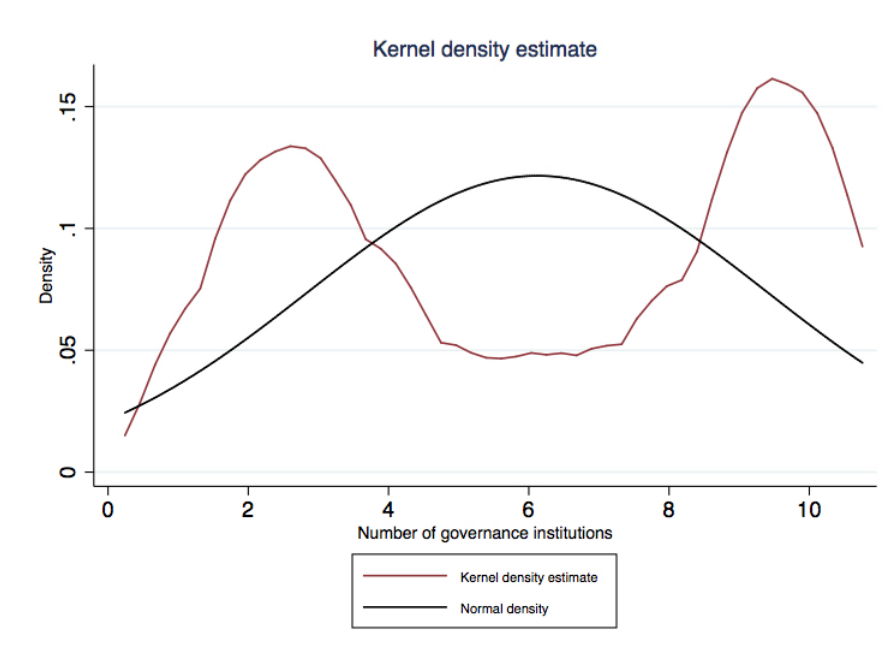


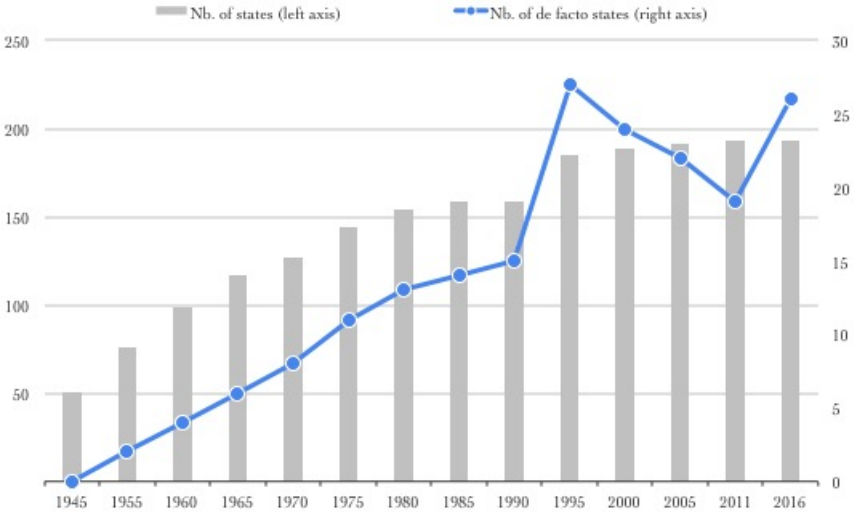
FIGURE A2: Distribution of governance institutions across de facto state-years (Kernel density function)



V. Number of de facto states between 1945 and 2016

Figure A3 displays the number of de facto states, and number of UN-member states, between 1945 and 2016.

FIGURE A3: Number of de facto states and states (1945-2016)



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