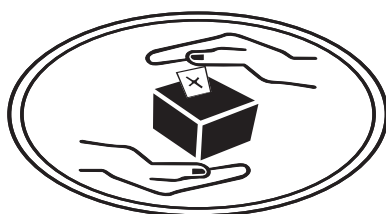


GAP ANALYSIS AND POSSIBLE AMENDMENTS TO THE CAMPAIGN FINANCE LIMITATION LAW IN SRI LANKA CONSOLIDATED REPORT



GAP ANALYSIS AND POSSIBLE AMENDMENTS TO THE CAMPAIGN FINANCE LIMITATION LAW IN SRI LANKA CONSOLIDATED REPORT



PAFFREL

PAFFREL Publications

30 October 2025

Written by: Chandanie Watawala

Content

Abbreviations	03
1. Executive Summary	05
2. Introduction	06
3. Evolution of Electoral Finance in Sri Lanka.....	09
3.1. Prior to 1978 Constitution.....	09
3.1.1. Key Provisions of the Ceylon (Parliamentary Elections) Order in Council, 1946.....	10
3.2. 1978 Constitution & Electoral Transformation	14
3.3. The Journey Toward Campaign Finance Regulation in Sri Lanka	16
3.3.1. Domestic Observer Groups' Initiatives & Recommendations	16
3.3.2. Regional Initiatives & Recommendations	19
3.3.3. International Observer Groups' Initiatives & Recommendations	21
3.3.4. Election Management Body's Initiatives & Recommendations.....	23
3.3.5. International Partners Initiatives & Recommendations	23
3.4. Key Milestones Toward the Election Expenditure Act.....	25
3.4.1. Comparison of Key Provisions: PAFFREL Model Legislation (2018) and the Election Commission's Draft Bills (2018, 2019) and 2022 Bill	34
4. Current Legal Framework (Regulation of Election Expenditure Act, No. 3 of 2023)	37
4.1. Key Features of the Campaign Finance Act	37
4.2. From Law to Practice: Gaps in Implementation	39
4.2.1. Monitoring Initiatives: Chanda Salli Meter (Campaign Finance Meeter).....	39
4.2.2. Domestic Election Stakeholders' Observation & Recommendations	40
4.2.3. International Election Observers' Recommendations	40
4.2.4. Status of Returns Submission	41
5. Analytical Framework (Standards and Best Practices)	44
5.1. Theory of Campaign Finance	44
5.2. Comparative Practices in Asia: Lessons from Taiwan, the Philippines, India and Thailand.....	45
5.2.1. Taiwan	45
5.2.2. The Philippines	48
5.2.3. India	49
5.2.4. Thailand.....	51
6. Gaps and Reform Recommendations.....	54
6.1. Identified Gap.....	54
6.2. Key Reform Recommendations	56
7. Conclusion	57

Abbreviations

ANFREL	Asian Network for Free Elections
AESF	Asian Electoral Stakeholder Forum
AG	Attorney General
CaFFE	Campaign for Free and Fair Elections
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CIABOC	Commission to Investigate Allegations of Bribery or Corruption
COMELEC	Commission of Elections Philippines
CMEV	Center for Monitoring Election Violence
CPA	Center for Policy Alternative
CRPD	Convention on the Rights on the Rights of Persons with Disabilities
DRI	Democracy Reporting Institute
ECI	Election Commission of India
ECSL	Election Commission of Sri Lanka
ECT	Election Commission of Thailand
EUEOM	European Union Election Observation Mission
FEMBoSA	Forum of Election Management Bodies of South Asia
FPTP	First-Past-the-Post
ICCPR	International Covenant on Civil and Political Rights
ICERD	International Convention on the Elimination of All Forms of Racial Discrimination
IFES	International Foundation for Electoral Systems
International IDEA	International Institute for Democracy and Electoral Assistance
IRES	Institute of Research and Education Services

MFFE	Movement for Free Fair Elections
NDF	National Democratic Front
NDI	National Democratic Institute
PAFFREL	People's Action for Free and Fair Elections
PR	Proportional Representation
RTI	Right to Information Act
SLPP	Sri Lanka Podujna Peramuna
TCC	The Carter Center
TISL	Transparency International Sri Lanka
UDHR	Universal Declaration on Human Rights
UNCAC	United Nations Convention Against Corruption
UNP	United National Party
WFD	Westminster Foundation for Democracy

1. Executive Summary

The Regulation of Election Expenditure Act, No.03 of 2023 represents Sri Lanka's first comprehensive legal framework to regulate campaign finance across all levels of elections, local government, provincial council, parliamentary, and presidential. The Act addresses longstanding concerns over the unchecked flow of money in politics, the disproportionate influence of wealth, and the lack of transparency, significant gaps remain between the law as written and its practical enforcement.

This report provided a detailed gap analysis of the 2023 Act, tracing decades of advocacy by civil society organizations, election monitoring groups, and the Election Commission. Key milestones include PAFFREL's model legislation in 2017, successive draft bills in 2018 and 2019, the Select Committee on Electoral Reform in 2022, and the Regulation on Campaign Finance Bill of November 2022, culminating in the enactment of the 2023 Act. Each step underscored the need for transparency, accountability, expenditure ceilings, prohibition of certain donations, and mandatory disclosure of campaign contributions and expenses.

Implementation experiences from the 2024 Presidential and Parliamentary Elections, and the 2025 Local Government Elections reveal persistent gaps, limited enforcement authority of the Election Commission, weak verification mechanisms, inconsistent disclosures, loopholes in third-party and in-kind spending, and capacity constraints. Domestic and international observer groups, including CMEV, IRES, CaFFE, TISL, PAFFREL, ANFREL, Commonwealth, and EU Mission, have highlighted the need for stronger legal powers, robust monitoring systems, pre-elections reporting, and digital tools to ensure compliance.

From a global and regional perspective, campaign finance regulation is essential to safeguard democratic integrity. Asian best practices from Taiwan, the Philippines, India and Thailand demonstrate the importance of combating clear legal provisions with effective enforcement, real-time monitoring, and public transparency. Bangkok Declaration on Free and Fair Elections (2012) and New Delhi Declaration on Political Finance Regulation in South Asia (2015) reflect growing regional consensus on the necessity of campaign finance reform as structural prerequisite for free and fair elections.

This report identifies a clear gap between legislation and practice in Sri Lanka. While the 2023 Act codifies transparency, accountability, and expenditure limits, its effectiveness is undermined by weak enforcement, limited institutional capacity, and procedural delays. Bridging this gap requires targeted amendments and reforms, including strengthening the powers and independence of the Election Commission, regarding third-party and digital campaign spending, establishing real-time reporting mechanisms, and empowering civil society oversight.

In conclusion, Sri Lanka has made historic strides in formalizing campaign finance regulation, however, the full realization of these reforms depends on bridging the gap between legal provision and practical enforcement. Aligning with globally accepted campaign finance principles and best practices from comparable Asian contexts can guide the formulation of amendments and policy measures that ensure electoral integrity.

2. Introduction

Sri Lanka's election system is grounded on the country's Constitution¹ and the eleven principal Acts and Ordinances². As Asia's oldest democracy, Sri Lanka granted universal franchise in 1931 under the Donoughmore reforms, allowing all citizens above 21 years to vote without any discrimination based on gender. The voting age was later lowered to 18 years through the Elections Amendment Act No. 11 of 1959³.

Sri Lanka has also committed itself internationally to uphold universal franchise without discrimination, through its accession or ratification of major international human rights treaties, including the Universal Declaration of Human Rights (UDHR)⁴, International Covenant on Civil and Political Rights (ICCPR)⁵, the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD)⁶, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)⁷, and the Convention on the Rights of Persons with Disabilities (CRPD)⁸.

In addition, Sri Lanka is a signatory to the United Nations Convention Against Corruption (UNCAC) of 2003, which calls upon State Parties to establish robust legislative and administrative measures, including a comprehensive regulatory framework for campaign finance, to ensure transparency and integrity in the political process. This obligation is further reinforced by Article 156 (c) 3 of the Constitution, which enshrines the need to adopt measures to implement the UNCAC and other international conventions relating to the prevention of corruption. The adoption of the Right to Information Act, No. 12 of 2016, further complements these commitments by guaranteeing public access to information, thereby enhancing transparency and accountability in governance, including in the regulation of political finance.

Sri Lanka has a long history of democratic elections dating back to the British colonial period, when the country was known as Ceylon. According to historical records, the first election was held in 1866 to elect members to the Colombo and Kandy Municipal Councils. Then in 1867 electing members for the Galle Municipal Council. The first legislative election was held in 1911. However, it was only in 1947 that men and women were granted equal voting rights, making a significant step toward universal suffrage in the country.

Since its first democratic elections in 1947, Sri Lanka has sustained a tradition of periodic elections that have shaped its political path and governance structures. In total, 77 elections have been held since the

¹ <https://parliament.lk/files/pdf/constitution.pdf>

² (1) Parts of the Election Ordinance of 1946, (2) Presidential Elections Act No. 15 of 1981, (3) Parliamentary Elections Act No. 1 of 1981, (4) Referendum Act No. 7 of 1981, (5) Provincial Councils Elections Act No. 2 of 1988, (6) Local Authorities Elections Ordinance (Ch 262), (7) Local Authorities Elections Ordinance No 53 of 1946 (This ordinance has been amended 17 times), (8) Local Authorities Elections Amendment Act No 22 of 2012, (9) Local Authorities Act No 01 of 2016, (10) Local Authorities Elections Act No 1 of 2016, (11) Regulation of Election Expenditure Act No. 03 of 2023.

³ <https://www.parliament.lk/uploads/acts/gbills/english/3848.pdf>

⁴ Article 21 of the UDHR

⁵ Article 25 of ICCPR

⁶ Article 5 (C) of ICERD

⁷ Article 7 of CEDAW

⁸ Article 29 CRPD

introduction of universal franchise through Donoughmore reforms in 1931⁹, including 17¹⁰ parliamentary elections and 1 referendum election since 1947. The introduction of the 1978 Constitution transformed the system from a “Westminster Parliamentary Model” into an executive presidency, leading to 9 presidential elections to date¹¹. As of the latest records, Sri Lanka has 1,744,208¹² registered voters and 83 registered political parties¹³.

While elections are central to strengthen democracy, their integrity depends heavily on the fairness of political financing. Campaign finance regulation plays a vital role in curbing the undue influence of money in politics, ensuring equality of opportunity for candidates, and protecting the sovereignty of the people’s mandate. Effective laws must prevent excessive and illicit spending, curb the misuse of state resources, and promote transparency through financial disclosure. They must also provide robust monitoring, enforcement, and public access mechanisms to ensure accountability.

Political finance, when transparent and equitable, enables political parties and candidates to communicate policies, engage with citizens, and compete on fair terms. According to International IDEA’s Handbook on Political Finance (2014)¹⁴, adequate and transparent funding fosters vibrant electoral processes and builds public trust in politics. However, in practice, many political systems deviate from these ideals. Elections often risk becoming formalities overshadowed by elite dominance, electoral fraud, or violence. The undue influence of money can distort democratic principles through vote buying, policy manipulation, privileged access for interest groups, and outright corruption. While money is essential for democratic competition, unchecked financial influence threatens fairness, inclusiveness, and the credibility of the democratic process.

Recognizing these challenges, the New Delhi Declaration on Political Finance Regulation in South Asia (2015)¹⁵ emphasized strengthening political finance regulation to ensure a level playing field. The Declaration highlighted that such regulations should realistically reflect legitimate campaign costs while preventing disproportionate or illicit contributions. Effective political finance regulation, it noted, should serve three essential functions, preventing corruption and undue influence of money in politics, ensuring fairness and equality of opportunity in elections, and strengthening transparency and accountability of political actors.

To achieve these, effective frameworks must be supported by comprehensive disclosure systems, realistic spending limits, equitable public funding, and strong independent oversight. These principles provide a global benchmark for evaluating Sri Lanka’s campaign finance system and highlight the need for continuous reform to ensure electoral integrity, inclusiveness, and public confidence.

⁹ 1931 is turning point for country (Ceylon) democratic history. The Ceylon (State Council) Order-in-Council, commonly known as the Donoughmore Constitution, was enacted based on the recommendations of the Donoughmore Commission.

¹⁰ <https://thesrilanka.lk/2024-sri-lanka-parliament-election/>

¹¹ https://elections.gov.lk/en/elections/results_pre_E.html

¹² https://elections.gov.lk/en/voters/voters_statistics_E.html

¹³ https://elections.gov.lk/en/political_party/political_party_list_E.html

¹⁴ <https://www.idea.int/sites/default/files/publications/funding-of-political-parties-and-election-campaigns.pdf>

¹⁵ <https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=133512>

Sri Lanka's history of campaign finance regulation reflects both legacy and reform. Early frameworks, such as the Ceylon (Parliamentary Elections) Order in Council of 1946¹⁶ introduced provisions against bribery, vote-buying, and unregulated expenses. These principles accountability, spending ceilings, and financial disclosure continue to influence policy debates. Subsequent electoral framework, particularly following 1978 Constitution, have attempted to refine these mechanisms, though often with limited success. Civil Society Organizations, election monitoring bodies, and international partners have consistently emphasized the urgent need for comprehensive laws that regulate political finance, limit campaign expenditure, and empower the Election Commission with oversight and enforcement authority.

Transparency International Sri Lanka (TISL), in its legislative briefs on the Election Campaign Finance Bill of 2019 and 2022¹⁷ highlighted five core objectives for strong political finance regulations. These included deterring undue influence, encouraging a level playing field, countering excessive spending deterring the abuse of public resources and cultivating public trust.

The enactment of the Regulation of Election Expenditure Act, No. 3 of 2023, marked a significant milestone in Sri Lanka's democratic development as the first law to directly regulate campaign finance. However, a closer analysis reveals significant gaps in scope, implementation, and enforcement, which limit the law's effectiveness in ensuring transparency, accountability, and a level playing field in elections.

According to the Democracy Reporting International (DRI) Report on Campaign Finance in Sri Lanka Recommendation for Effective Implementation (2020)¹⁸, an effective campaign finance law should integrate several essential elements. These include strong legal provisions, comprehensive limits on campaign spending and contributions, robust requirements for disclosure and reporting, and effective sanctions and remedies to ensure enforcement.

The new campaign finance law was implemented for the first time in the 2024 Presidential Election, followed by the 2024 Parliamentary and 2025 Local Government Elections in 2025. Post-election analysis by observers, civil society groups, and other election stakeholders highlighted the importance of refining the law to address identified shortcomings and strengthen enforcement.

This consolidated report brings together historical developments, existing legal frameworks, gaps in implementation, and the perspectives of key stakeholders on campaign finance in Sri Lanka. It also seeks to develop a gap analysis of the existing campaign finance Act to identify areas requiring further reform. By incorporating best practices from countries with similar contexts and drawing on existing literature, legal documents, and selected interviews, the report outlines practical recommendations for strengthening campaign finance regulation. Its overarching goal is to promote electoral integrity, fairness, transparency, and democratic accountability.

¹⁶ https://www.lawnet.gov.lk/wp-content/uploads/Legislative_html/1956Y11V381C.html

¹⁷ <https://www.tisrilanka.org/wp-content/uploads/2023/01/TISL-Recommendations-on-Election-Campaign-Finance-Bill.pdf>

¹⁸

https://www.researchgate.net/publication/352248570_Campaign_Finance_in_Sri_Lanka_Recommendations_for_Effective_Implementation

3. Evolution of Electoral Finance in Sri Lanka

This paragraph traces the evolution of political finance in Sri Lanka from the democratic turning point of 1931. The introduction of universal franchise under the Donoughmore Constitution not only empowered citizens with equal voting rights but also laid the foundation for electoral competition shaped by campaign spending and political resources. Over the decades, Sri Lanka faced persistent challenges of unchecked campaign financing, vote-buying, and the growing influence of money in politics. At the same time, successive reform efforts sought to introduce mechanisms for transparency, accountability, and fairness on the use of political finance. These gradual developments culminated in the passage of the Regulation of Election Expenditure Act, No. 3 of 2023. The first comprehensive legal framework aimed at regulating campaign finance across all levels of elections. This law represents both the continuity and transformation of Sri Lanka's democratic journey, responding to long standing calls for cleaner, more accountable electoral practices.

3.1. Prior to 1978 Constitution

Sri Lanka's first significant attempt to regulate political finance came through the Ceylon (Parliamentary Elections) Order in Council, 1946¹⁹. The framework laid down some of the earliest legal provisions addressing political finance, vote-buying, and election expenses. It established statutory ceiling on candidate expenditure fixed at Rs. 7,500 or Rs. 0.30 per registered voter, whichever was higher. Hence marking a pioneering step in curbing the undue influence of wealth in elections. The law also required that all election related expenses be routed through officially appointed election agents. The detailed receipts and endorsed statements submitted within 31 days of the results. Any authorized spending or attempts to bypass these requirements were classified as "illegal practices", carrying penalties such as fines, imprisonment, or disqualification from voting or holding office. In addition, the framework criminalized bribery and corrupt practices in broad terms, covering both the giving and receiving of inducements, thereby targeting the demand and supply sides of electoral corruption. Although, the 1946 order was replaced by the 1972 Republican Constitution of Ceylon.

Another important milestone was the Declaration of Assets and Liabilities Law No.1 of 1975²⁰, which sought to improve transparency and accountability in political finance. Under Section 3(1), the law requires not only candidate themselves, but also their spouses and children to submit declarations of assets and liabilities. However, the law stipulated that these declarations must be submitted within three months of obtaining nominations, a timeline that almost always fell they're after the election day. This created a significant anomaly by the time the declarations were due, many individuals were no longer legally considered candidates, thereby undermining the very intent of the law.

Most importantly, these delays deprived citizens of access to critical financial information about those seeking public office before voting took place, thereby limiting the law's effectiveness as a tool for promoting transparency and enabling informed electoral choice. In practice, this turned what could have been a powerful mechanism for accountability into a largely symbolic requirement, with little direct impact on the integrity of electoral competition.

¹⁹ https://www.lawnet.gov.lk/wp-content/uploads/Legislative_html/1956Y11V381C.html

²⁰ https://lawnet.gov.lk/wp-content/uploads/Law%20Site/4-stats_1956_2006/set2/1975Y0V0C1A.html

3.1.1. Key Provisions of the Ceylon (Parliamentary Elections) Order in Council, 1946

The Ceylon (Parliamentary Elections) Order in Council, 1946 was the first comprehensive framework to regulate elections and campaign finance in Sri Lanka. It went beyond basic expenditure limits to establish a structured system for reporting election expenses, regulating payments, ensuring transparency through public access to financial records, and imposing penalties for corrupt and illegal practices. The Order also empowered courts to grant authorized excuses in cases of genuine non-compliance while maintaining strict penalties for deliberate violations. Collectively, these provisions represented a pioneering attempt to safeguard the integrity of electoral competition and to curb the undue influence of money politics.

Vote Buying and Bribery (Sections 57-58)

- **Section 57** defined bribery broadly, criminalizing both direct or indirect attempts inducement offered to voters, including money, gifts, loans employment, or promises of office. It also penalized those who accepted such inducements, thereby covering both supply and demand sides of bribery.
- **Section 58** classified bribery, personation, undue influence, and treating as corrupt practices, with punishments including fines, imprisonment, and disqualification from voting or holding office for seven years.

Control of Election Expenses (Sections 61–69)

These sections stated detailed mechanisms for financial accountability of candidates and their agents.

- **Section 61-62** defines all election related contracts and payments had to be made solely by the candidate's election agent. Payments not through agents were considered illegal, ensuring, traceability.
- **Section 63-64** defines expenses had to be documented with receipts and submitted within 14 days. Payments outside the prescribed legal period were prohibited. Election agents' remuneration was regulated as a legitimate claim.
- **Section 65-66** defines a statutory ceiling on election spending was established- either Rs. 7,500 or Rs. 0.30 per registered voter, whichever was higher. Spending above this threshold constituted an illegal practice. Personal expenses of candidates were excluded but had to be disclosed.
- **Section 67** defines certain expenditure, such as voter transportation or payments for premises used to display election material, were outright prohibited. Exceptions existed for ordinary business services or transportation across rivers and seas.
- **Section 68A-68B** defines printing and publication of election materials without disclosure of printer and publisher names, or false declarations of expenses, were penalized as illegal practices.
- **Section 69** provide protection for honest creditors - If someone provides goods or services for an election without knowing that the payment or contract breaks the election spending rules, they still have the right to be paid. In other words, honest creditors who are unaware of any violation are protected.

Mandatory Submission of Election Expenses Returns (Section 70)

After each election, every candidate's election agent must submit a detailed report of all campaign-related expenses within 31 days of the results being published in the Gazette. The submission report known as the "return respecting election expenses" must contain the following:

- Campaign related all expenses receipts, and bills
- Candidate's personal expenses
- Any disputed or unpaid claims
- All money, loans or contribution received including the names of providers

The return must be signed by the election agent and accompanied by sworn declarations from both the candidate and the agent, in Forms Q and R of the First Schedule. These declarations must be made under oath before a Justice of the Peace, with the Justice certifying the authenticity of the candidate's signature.

Failure to submit the returns and declarations within the prescribed time results in serious consequences:

- Candidate cannot sit or vote in the House of Representative as a Member until compliance or authorized excuse is granted;
- If they do so, they incur a fine of Rs. 500 per day, recoverable in the District Court of Colombo;
- and non-compliance constitutes an "illegal practice" under election law.

Publication and Public Access Election Expenses Returns (Section 71)

Once the "return respecting election expenses" and accompanying declarations are received, the returning officer must publish a notice in the Gazette and display it in a conspicuous place in their office. This notice will specify the date of receipt and when and where the documents can be inspected.

The returning officer must keep these returns, declarations, bills, and vouchers for six months, during which any person may inspect them or obtain copies by paying a small fee. After six months, the documents may either be destroyed or returned to the candidate upon request.

Authorized Excuse for Failing to Submit Election Expenses Returns (Section 75)

If a candidate or their election agent fails to submit the requirement "return respecting election expenses" on time, or submit it with errors or false statements, the law allows for an "authorized excuse" under certain conditions:

- Candidate or agent can apply to a Judge of the Supreme Court or an Election Judge
- They must prove the failure was due to illness, death, absence, misconduct of the election agent or their staff, or inadvertence, and not due to bad faith
- If satisfied, the judge may allow the excuse and set conditions (e, g., modified return, extended deadline)

Special provisions:

- If an election agent refuses or fails to provide the required details, the judge may order them to submit the information. Continued noncompliance constitutes an illegal practice under the law.

- Candidate can also be excused if they prove that mistakes by the agent happened without their knowledge or involvement, and that they took all reasonable steps to prevent such issues.
- The excuse takes effect from the date of the judge's order (or when all conditions are fully met), and relieves the candidate or agent from penalties for the failure or error.

The PAFFREL publication on “Judicial Decisions Related to Elections” (August 2022)²¹ documented several landmark legal cases in Sri Lanka relating to elections. Among them are cases specifically dealing with campaign finance and election expenditure under the Ceylon (Parliamentary Elections) Order in Council, 1946 and later laws. These ruling provide important insight into how Sri Lanka's judiciary addressed issues such as the failure to submit expenditure reports, omissions of expenses and misuse of campaign funds.

Below are the important cases:

Francis Soyza Case (Balapitiya By-Election- 1935): A reasonable delay in submitting the Election Expenditure Report

Francis de Soyza contested the Balapitiya by-election on 21 September 1935 under the Ceylon (State Council Elections) Order-in-Council, 1931, but was defeated. In line with the law, he submitted his election expenditure report within the 31-day deadline, though a supporting bill for Rs. 20 was missing.

The Returning Officer notified him of the omission on 23 October 1935. After the deadline expired on 28 October, informed him on 1 November that Supreme Court approval would be required to correct the defect. Francis de Soyza subsequently submitted the missing bill on 12 November.

The Supreme Court, in its judgement delivered on 11 March 1936, acknowledged that the bill filed after the deadline. However, viewing the omission as a minor lapse and the delay as reasonable, the Court allowed Soyza's request, thereby recognizing flexibility in cases on inadvertent error.

T. B. Ilangaratna Case (Kandy By-Election-1948): Omission of Translation Fees in Election Expenses Report as an Offence

In the Kandy by-election of May 1948, contested by T. B. Ilangartne (Independent), Pred E de. Silva United National Party (UNP), and B. Vadugodapitiya (Independent). T. B. Ilangartne won the election, but a petition was later filed alleging that false reports by Ilangaratne's supporters had prejudiced the reputation of candidate Pred de Silva.

After hearing the petition, Court delivered the judgment on 10 February 1949. In addition to addressing the issue of false statements, the Court examined another violation discovered during proceedings. Pred de Silva had paid Rs. 40 to a translator for translating his election manifesto into Tamil, but this expense was omitted from his official election expenditure statement. Pred de Silva admitted to this omission during the hearing.

The Supreme Court ruled that both candidates were guilty of violations. As a result, Ilangartne lost his parliamentary seat, while Pred de Silva, though the runner-up, was also found guilty of

²¹ <https://www.paffrel.com/images/publications/2024/Judicial%20Decisions%20Related%20to%20Elections.pdf>

breaching election law. This case highlighted that even relatively minor omissions, such as Rs. 40 translation fees, must be fully reported in campaigning expenditure statements.

M. S. Abu Bakar Case (Central Colombo By-Election- 1950): Delay and Omission Accuracy of Campaign Expenditure Report

In the Central Colombo by-election held on 6 May 1950, M. S. Abu Bakar contested as the UNP candidate. Under the Section 70 of the Ceylon (Parliamentary Elections) Order-in-Council, 1945 candidates were required to submit their “return respecting election expenses,” report within 31 days of the election result being published in the Gazette. The results were published on 8 May, making 7 June the final date for submission.

Abu Bakar’s representatives mailed the expenditure statement on 7 June, but since 8 June was a public holiday, the Returning Officer only received it on 9 June. The report was rejected because it lacked the mandatory forms Q and R, which had to accompany the affidavit of expenses. Abu Baker then petitioned the Supreme Court seeking relief, or “pardon,” for the delay and omission.

C.W.F.A. Jayawardena case (Parliamentary Election – 1952): Illness of Election Agent Not Accepted as Excuse

In the 1952 Parliamentary Election, C. W. F. A. Jayawardena failed to properly submit his election expenditure statement within the required period. His defense was that his election agent had been ill, which prevented the timely and accurate filing of the report.

The case was taken before the court under the provisions of the Ceylon (Parliamentary Elections) Order in Council, 1946, which allowed candidates to seek relief for non-compliance if they could show a valid excuse such as illness, accident, or unavoidable circumstances. However, the court ruled that the illness of the election agent did not constitute a sufficient or reasonable excuse under the law.

The judgement affirmed that the ultimately responsibility for submitting accurate and timely expenditure returns lies with the candidate, and that reliance on the election agent’s condition does not exempt the candidate from legal accountability.

K. M.P. Rajaratne Case (Parliamentary Election -1952): Failing to Submit Election Expenses Report²²

On 26 August 1955, the District Court of Badulla convicted K.M. P. Rajaratne, who had acted as his own election agent during the 1952 Parliamentary Election, for failing to submit his election expenditure reports as required under the law.

The Court imposed a fine of Rs.100, underscoring the strict application of electoral finance regulation and the judiciary’s insistence on accountability. The case highlighted that even prominent candidates could not avoid liability, and that compliance with reporting requirements was treated as a serious legal duty, not a mere formality.

²² https://cmev.org/wp-content/uploads/2017/07/cf_english-version.pdf

These cases demonstrate how Sri Lanka's judiciary, even in the early decades of representative government, treated campaign finance compliance as a serious legal duty. Whether it was a minor omission such as a Rs. 20 or Rs. 40 bills, delays in filing, or total failure to submit returns, the courts consistently enforced the requirements laid down in the Ceylon (Parliamentary Elections) Order in Council, 1946.

While the judiciary showed some flexibility in cases of inadvertent error, such as in the Francis Soyza case (1935), it also imposed strict penalties, including fines, disqualification, and loss of parliamentary seats, for non-compliance. These ruling underscored the principle that transparency and accountability in campaign finance essential to electoral integrity.

Importantly, the 1946 Order in Council framework was later replaced by the Parliamentary Elections Act, No 1 of 1981, which consolidated and updated election law in Sri Lanka. However, the judicial precedents established under the 1946 framework continue to illustrate the early efforts to regulate political finance and the seriousness with which breaches were addressed.

Together, these cases highlight both the continuity and evolution of Sri Lanka's campaign finance regulations, culminating in the more recent Regulation of Election Expenditure Act, No.3 of 2023, which provides the country's first comprehensive modern framework for regulating political finance.

3.2. 1978 Constitution & Electoral Transformation

The adoption of the Constitution of the Democratic, Socialist, Republic of Sri Lanka in 1978 marked a turning point in Sri Lanka's political and electoral history. It introduced the executive presidency, shifting power from Westminster parliamentary tradition to directly elect president. This transformation significantly altered the nature of elections, competition, and political finance in the country.

For the first time, the selection of the head of state²³ determined through a presidential election. The first presidential election was held under the 1978 Constitution in 1982²⁴, and since then Sri Lanka has conducted nine presidential elections. These contests demanded large-scale, island-wide campaigns, extensive media outreach, and far greater financial resources than earlier elections.

The Constitution also replaced the first-past-the-post (FPTP) electoral system²⁵ with a proportional representation (PR)²⁶ model for parliamentary elections. The preferential vote system encouraged intra-party competition, compelling individual candidates to spend heavily on publicity and patronage to secure voter support. However, the Constitution did not introduce mechanisms to regulate campaign finance, such as expenditure limits donations transparency, or safeguards against the misuse of state resources. This regulatory vacuum fostered an environment where wealthy donors and vested interests could exert disproportionate influence over the electoral process.

²³ 1972 Constitution of Sri Lanka, <https://www.slcat.org/wp-content/uploads/2021/03/The-Constitution-of-Sri-Lanka-1972.pdf>, Article 19

²⁴ <https://dinidu.medium.com/bulletin-1-2024-sri-lanka-presidential-election-b029eabc86f2>

²⁵ According to Article 29 of the 1972 Constitution, "The National State Assembly shall consist of such number of elected representatives of the people as a Delimitation Commission", , <https://www.slcat.org/wp-content/uploads/2021/03/The-Constitution-of-Sri-Lanka-1972.pdf>

²⁶ Article 99 of the 1978 Constitution, <https://parliament.lk/files/pdf/constitution/1978ConstitutionWithoutAmendments.pdf>

While the PR system was intended to create a more representative legislature, in inadvertently deepened money driven politics, with serious implications for governance, accountability, and corruption. These structural changes increased the cost of elections, creating dependency on private and corporate financing, and opening avenues for patronage, clientelism, and undue influence in policymaking. The absence of effective campaign finance regulation during this period meant that expenditures remained unchecked, and the abuse of state resources for political advantage became normalized.

As elections became increasingly resource-intensive and financially driven following the 1978 constitutional changes, domestic civil society organizations began to draw attention to the dangers of unregulated campaign finance. Among these, the PAFFREL emerged as one of the most vocal and consistent for reform. For over two decades PAFFREL has persistently emphasized the importance of regulating campaign expenditure and promoting transparency in political financing through its continuous engagement helped keep campaign finance regulation on the national reform agenda, laying the groundwork for later legislative developments.

Building on PAFFREL's long-standing advocacy, other domestic observer groups, such as CMEV, have also endorsed the need for comprehensive campaign finance regulation, emphasizing the establishment of effective disclosure mechanisms and oversight systems.

The unlimited flow of funds to powerful candidates has escalated over the years, reaching unprecedented levels during the 2019 Presidential Election and the 2020 Parliamentary Elections. A total of 35 candidates contested the 2019 Presidential Election, the highest number in Sri Lanka's history. According to "Report on Campaign Costs Monitoring Initiative Presidential Elections 2019"²⁷, the total cost from 13 October to 13 November 2019 amounted LKR Million 3,796, covering printed and electronic media, public rallies, transportation, and campaign administration.

Strikingly, 94 percent (LKR Million 3,562) of this amount was spent by only the two main candidates representing the Sri Lanka Podujana Peramuna (SLPP) LKR 1,826) and the National Democratic Front (NDF) LKR Million 1,737. In contrast, the remaining 33 candidates together accounted for just 6 percent of the total spending. This stark imbalance showed how campaign finance in Sri Lanka is heavily concentrated around dominant political parties, creating a highly unequal playing field.

Moreover, the lack of transparency regarding the sources of campaign funds raised deep concerns about accountability, corruption, and the integrity of the electoral process. The passage of the Right to Information (RTI) Act, No. 12, 2016²⁸ provided a measure of relief by allowing access to information, however, it could not fully compensate for the absence of a dedicated campaign finance regulatory framework.

Overall, the 1978 Constitution reshaped the political finance landscape in Sri Lanka by institutionalizing a system where winning elections required substantial financial resources. This has entrenched financial power as a decisive factor in electoral competition, underscoring the urgent need for comprehensive campaign finance reform to safeguard fairness, accountability, and integrity of the democratic process.

²⁷ https://cmev.org/wp-content/uploads/2021/02/Final-Report_Campaign-Finance-Monitoring_CMEV_PE-2019-Final.pdf

²⁸²⁸ https://www.media.gov.lk/images/pdf_word/2016/12-2016_E.pdf

3.3. The Journey Toward Campaign Finance Regulation in Sri Lanka

The absence of a comprehensive legal framework to regulate political finance has long been recognized as critical weakness in Sri Lanka's electoral system. After years of sustained advocacy by various election stakeholders including domestic election observer groups, civil society organizations, the Election Commission of Sri Lanka, and international partners,²⁹ the long anticipated the Regulation of Election Expenditure Act No. 03 of 2023 was finally enacted. This legislation represents a significant milestone in strengthening electoral integrity and promoting accountability and transparency in the use of money in politics.

However, it is equally important to reflect on the history of advocacy and reform efforts to assess whether the new law adequately address the key concerns and recommendations repeatedly emphasized throughout the reform process. Since the adoption of the 1978 Constitution, the need for regulating campaign finance has been a recurring theme in election reform discourse. Yet, for decades, meaningful regulation remained absent. This persistent gap undermined transparency, accountability, and equality of opportunity among candidates, while further amplifying the influence of money within the proportional representation system.

The following section outlines some of the most significant advocacy initiatives and recommendations made by domestic and international stakeholders that paved the way toward the eventual introduction of campaign finance regulation in Sri Lanka.

3.3.1. Domestic Observer Groups' Initiatives & Recommendations

People's Action for Free and Fair Elections (PAFFREL)

One of the most consistent and influential voices in advocating for campaign finance regulation in Sri Lanka has been domestic election observer groups, with PAFFREL at the forefront. As the country's leading election observation body, PAFFREL has continuously campaigned both nationally and internationally, for stronger regulation of political finance, often in collaboration with other stakeholders.

A key milestone in this advocacy was PAFFREL's "Model Legislation Proposal on Placing Limits on Campaign Finance of Political Parties, Independent Groups and Election Candidates" submitted to the relevant minister on 1st August 2017³⁰. This proposal laid an important foundation for eventual drafting of the Campaign Finance Bill.

PAFFREL has repeatedly highlighted the importance of regulating campaign finance during and after every election. Notably, in its Final Report on the Parliamentary Elections 2000, the joint observation mission of PAFFREL and **Movement for Free and Fair Elections (MFFE)** specifically highlighted the need for the "*Regulation of the financing elections and accounting of such finance.*"

While Local Government represents the lowest tier of governance in Sri Lanka, paradoxically, elections at this level often demand significant campaign spending, as the competitive nature of the electoral system

²⁹ <https://wordpress.democracy-reporting.org/blog/sri-lanka-how-to-strengthen-election-campaign-financing-regulations/>

³⁰ <https://www.adaderana.lk/news.php?nid=42339>

drives up costs, creating pressure for candidates to raise funds through questionable means, opening door to corruption.

In its Final Report on the 2002/2003 Local Government Elections, PAFFREL and MFFE again raised concerns about the escalating costs of electioneering. The mission observed that, *“contest of local government elections on party lines and proportional representation basis has increased the cost of election campaigns enormously. Rallies, meetings, processions, musical shows, posters and printed material involve large expenses”*. It further emphasized that the manner in which such political activity is financed risks creating severe inequalities among candidate and fuels the potential for corruption.

Following the 2015 Presidential Election, PAFFREL highlighted campaign finance as a critical area requiring urgent reform. In its Mission Report stressed that: *“campaign finance is a key element that needs greater transparency. Currently, there is no legal provision enabling the scrutiny of sources of funding and actual funds spent on elections. Given the importance of visibility in elections, financial resources can become a key factor influencing results. In this light, it becomes important to regulate campaign finance to ensure equitable opportunity for all candidates and to ensure that sources of finance are legitimate”*³¹.

This underscored two major gaps in Sri Lanka’s electoral framework, which are absence of legal provisions for monitoring campaign spending and the distortion of electoral outcomes due to unequal access to financial resources. The observation highlighted the urgency of introducing laws to promote transparency, accountability and fairness in campaign finance.

A Landmark moment in PAFFREL’s advocacy came on 13 September 2021, when the Monaragala High Court delivered a historic judgment³² against a Sri Lanka Podujana Peramuna (SLPP) candidate in the Local Government Elections. The case, supported by PAFFREL and the defeated candidate, proved that the SLPP candidate had engaged in voter bribery to secure victory at the Monaragala Pradasiya Sabaha during the 2018 Local Government Elections. The court declared his election null and void, removing him from office on the ground of bribery³³.

By documenting such cases and persistently advocating for reform, PAFFREL has kept campaign finance regulation firmly on the national agenda, emphasizing the urgent need for laws that promote transparency, accountability, and fairness in campaign finance.

Center for Monitoring Election Violence (CMEV)

CMEV, through its Campaign Costs Monitoring Initiative Report on the 2019 Presidential Election³⁴, draw attention to the urgent need for campaign finance regulation in Sri Lanka. The report emphasized that *“the absence of campaign finance legislation or an enforceable governing mechanism to regulate political*

³¹ <https://paffrel.com/images/migrated/docs/1907291207052015%20Presidential%20Election%20Report.pdf>

³² Sunil Santha Sunil Shantha v. Tharanga Harshaka Priya Prasad Dissanayake & Others -HC (Monaragala) Election petition 1/2018

³³ <https://counterpoint.lk/election-monaragala-ps-member-declared-null-void-high-court/>,
<https://www.paffrel.lk/programmes-events/news/electoral-reforms/a-decisive-judgment-in-the-history-of-elections>

³⁴ https://cmev.org/wp-content/uploads/2021/02/Final-Report_Campaign-Finance-Monitoring_CMEV_PE-2019-Final.pdf

finances or election campaign finances is a serious issue in ensuring free and fair elections, electoral integrity and the fostering of democratic values in Sri Lanka”.

CMEV further highlighted that unlimited and unregulated campaign spending undermines the ability and freedom of citizens to make informed electoral choices. The situation, it noted, has affected to the overall accountability and transparency of the electoral system, while also distorting the level playing field among candidates and political parties. The unchecked flow of money in campaigns was also linked directly or indirectly to corruption, including the use of illicit funds and black money, thereby weakening public trust in the democratic process.

In light of these concerns, CMEV recommended the *“establishment of comprehensive legislative framework which addresses the consequences of unlimited and unregulated political finance, and campaign finances in particular.”*

Transparency International Sri Lanka (TISL)

TISL has consistently identified campaign finance as a core component electoral integrity in the country. Following the 2015 Presidential Election³⁵, it recommended *“Strengthen the election law by incorporating regulations that makes it mandatory for the Party Secretary or the leader(s) of the independent group(s) to declare campaign expenditure and sources of funding to ensure the transparency of election financing. Introduce campaign expenditure ceiling based on the electorate and number of voters.”*

In 2017, TISL further contributed to the national discourse on political finance with its publication “A Brief on Election Campaign Finance in Sri Lanka³⁶.” This paper represented another comprehensive effort to systematically raise public awareness about the loopholes and risks posed by unregulated political spending. The study examined campaign finance within Sri Lanka’s social, political, and legal context, while drawing on comparative international experiences. Its central objective was to highlight the urgent need for a regulatory framework to safeguard electoral integrity and ensure a level playing field.

The brief focused on party and candidate financing during election periods, addressing both direct and, to some extent, indirect financing. Importantly, the paper introduced the Sri Lankan policy and legal community to four main mechanisms commonly used internationally to regulate campaign finance:

- i. Disclosure requirements - ensuring transparency of contributions and expenditures.
- ii. Donations bans and limits - restricting undue influence of wealthy individuals, corporations, or foreign actors.
- iii. Spending limits – curbing excessive expenditure that undermines electoral equality.
- iv. Public funding – providing state support to reduce dependency on private donors and to encourage inclusivity in the political process.

Beyond mapping these mechanisms, the Brief identified key gaps in Sri Lanka, including the absence of comprehensive disclosure obligations, ineffectiveness spending limits, and the risks of unchecked private donations. It offered practical, incremental recommendations and emphasized that disclosure must be the non-negotiable starting point of any regulatory system. Transparent declaration of

³⁵ https://www.tisrilanka.org/wp-content/uploads/2015/02/PPPR_2015_ENG_Final.pdf

³⁶ <https://www.tisrilanka.org/wp-content/uploads/2019/05/CampaignFinance.pdf>

campaign contributions, expenditures, and candidate and party assets and liabilities, it argued, would promote accountability, empower citizens to make informed choices, and strengthen trust in democratic process.

TISL reiterated these concerns in subsequent reports. In its 2019 Presidential Election Report³⁷, it once again called for comprehensive law on campaign finance law, while its 2020 Parliamentary Election Report³⁸ reaffirmed that this disclosure of funding sources should be the minimum standard of any such legislation.

Though this consistent intervention, TISL underscored that transparency, accountability, and expenditure limits are fundamental to protecting electoral integrity and leveling the political playing field in Sri Lanka.

In 2017, **CMEV and TISL** jointly prepared a pamphlet on “Campaign Finance Regulation and Election Process in Sri Lanka”³⁹. The publication aimed to raise public awareness about the importance of transparent campaigning financing and to advocate for stronger regulatory measures. By educating voters and stakeholders on electoral integrity, the pamphlet contributed to sustained advocacy efforts that ultimately supported the introduction of comprehensive campaign finance legislation.

The consistent efforts of PAFFREL, CMEV, and TISL show how domestic observer groups have been at the forefront of pushing for campaign finance reform in Sri Lanka. By exposing gaps in the electoral framework, documenting dangers of unchecked spending, and proposing concrete reforms, these organizations have built sustained momentum for transparency, accountability, and fairness in political finance. Their collective advocacy has laid the foundation for the eventual introduction of comprehensive campaign finance legislation, essential for safeguarding electoral integrity and strengthening democracy in Sri Lanka.

3.3.2. Regional Initiatives & Recommendations

Asian Electoral Stakeholder Forum (AESF)

PAFFREL is a founding member of the **Asian Network Free Elections (ANFREL)**⁴⁰, a regional network dedicated to promoting democratic elections in Asia through international election observation, capacity building, research and advocacy. The Center for Monitoring Election Violence (CMEV) is also a member of ANFREL.

One of ANFREL’s most significant initiatives is the Asian Electoral Stakeholder Forum (AESF)⁴¹, a biennial gathering that brings together election stakeholders from across Asia and beyond to share experiences, address challenges, and advance democratic reforms. Since 2012, sixth AESFs (AESF-6) have been convened in collaboration with host countries’ election management bodies. As members of electoral community, AESF call upon all election stakeholders to work collectively to uphold free and fair elections across the region. Each Forum has produced important commitments and guiding documents, many of which emphasize political finance regulation as a cornerstone of electoral integrity:

³⁷ <https://www.tisrilanka.org/wp-content/uploads/2020/06/PPPR2019-FINAL.pdf>

³⁸ <https://www.tisrilanka.org/wp-content/uploads/2020/09/PPPR2020I.pdf>

³⁹ https://cmev.org/wp-content/uploads/2017/07/cf_english-version.pdf

⁴⁰ www.anfrel.org

⁴¹ aesf.anfrel.org/

2012- Bangkok Declaration on Free and Fair Elections⁴²

- Article 7- Oversight of Campaign Finance: called for rigorous legal frameworks to regulate donations and expenditures, full transparency, effective monitoring, and strict penalties for violations.
- Article 8- Vote Buying: Urged voter education, strict oversight of campaign finance, through investigations, and prosecution of offenders.

2015- Dili Indicators of Democratic Elections ⁴³

- Stressed that “political parties and candidates are required to make detailed, timely disclosures of their campaign contributions and expenses”

2016- Bali Commitment for Electoral Transparency and Integrity⁴⁴

- Identified eight key areas of integrity, three of which directly addressed political finance:
 - i. Transparent campaign fundraising (full disclosure of sources of funds)
 - ii. Transparent campaign spending (full disclosure of use funds)
 - iii. Public access to campaign finance data (online publication in accessible formats)

2018 - Colombo Pledge to Promote and Defend Electoral Democracy in Asia⁴⁵

- Highlight the lack of effective political finance regulation as a continuing weakness in ensuring efficient electoral justice and legal frameworks.

2023- Kathmandu Declaration on Strengthening Democracy and Promoting Electoral Integrity through Electoral Reforms in Asia⁴⁶

- Reaffirmed the urgent need for reforms to enhance transparency and accountability in campaign finance, linking finance integrity directly with public trust in elections.

Through Asian Electoral Stakeholder Forum (AESF), as a regional platform for election stakeholders have consistently reinforced the importance of campaign finance regulation as a pillar of electoral integrity. Declarations from Bangkok to Kathmandu highlight transparency, accountability, and fair oversight of political finance as essential to protecting democratic process across Asia. These regional commitments strengthen domestic advocacy in countries like Sri Lanka, linking local reform efforts to broader regional and global democratic standards.

Forum of Election Management Bodies of South Asia (FEMBoSA)

FEMBoSA is a coalition of Election Management Bodies in South Asia. At its 6th Forum meeting, held in October 2015 in Colombo, Sri Lanka, and launched a series of initiatives to strengthen campaign finance

⁴² <https://anfrel.org/wp-content/uploads/2018/06/Bangkok-Declaration-on-Free-and-Fair-Elections-ENG.pdf>

⁴³ <https://aesf.anfrel.org/wp-content/uploads/2019/01/2015-Dili-Indicators-of-Democratic-Elections.pdf>

⁴⁴ <https://aesf.anfrel.org/wp-content/uploads/2019/01/Electoral-Transparency-Eight-Keys-to-Integrity.pdf>

⁴⁵ <https://aesf.anfrel.org/wp-content/uploads/2019/01/2018-Colombo-Pledge-edited-in-breakout-session.pdf>

⁴⁶ <https://aesf.anfrel.org/aesf-vi-program/>

regulation in the region. These included a study on the status of campaign finance, a regional seminar, and the establishment of Regional Research Network on Campaign Finance.

Under this initiative, the Election Commission India presented a comprehensive “Report on Campaign Finance”, and in collaboration with International IDEA, organized an International Conference on “The Use of Money in Politics and its Effects on People’s Representation” December 2015⁴⁷.

As a result of these efforts, FEMBoSA released the New Delhi Declaration on Political Finance Regulation in South Asia (2015)⁴⁸, which recognized the importance of effective regulation of political financing and election related expenditures, The Declaration set out key guiding principles:

Overarching Principles:

- Adopt a holistic and integrated approach to political finance regulations
- Ensure uniform coverage and close monitoring of gaps
- Recognize limitations and design constructive interventions
- Coordinate efforts with other stakeholders and agencies
- Provide equal opportunities for participating in political life
- Facilitate the inclusion of women in electoral democracy
- Keep regulations reasonable and balanced

Regulation and Implementing Guideline:

- Maintain reasonable levels of spending
- Regulate private contributions to safeguard electoral integrity
- Provide public funding for political parties
- Prevent the abuse of state resources
- Regulate media access and coverage
- Ensure transparency, public disclosure, and reporting of political finance
- Establish strong regulatory authorities with enforcement powers

The FEMBoSA initiative and the New Delhi Declaration highlights the growing recognition in South Asia of the importance of transparent, regulated, and accountable campaign finance. By promoting collaboration, research, and capacity building, these initiatives have laid an important foundation for regional reforms aimed to ensuring fairer, more equitable elections and strengthening democratic governance.

3.3.3. International Observer Groups Initiatives & Recommendations

International election observer groups have consistently identified the absence of campaign finance regulations as a major weakness in Sri Lanka’s electoral process. Reports from missions such as, ANFREL, the Commonwealth, and European Union, have repeatedly called for greater transparency, spending limits, and effective enforcement mechanisms to ensure elections are conducted on a level playing field in line with global democratic standards.

⁴⁷ https://fembosa.org/uploads/member_countries/Stewardship%20Report%20by%20Sri%20Lanka.pdf

⁴⁸ <https://www.idea.int/sites/default/files/publications/south-asia-regional-conference-on-the-use-of-money-in-politics.pdf>

Asian Network for Free Elections (ANFREL)

The ANFREL press statement on the 2015 Presidential Election⁴⁹ urged Sri Lanka to “*enact and enforce adequate electoral laws including measures to level the playing field,institute campaign finance regulations.....and strengthen regulations over the misuse of state resources. These key elements are absent from the current election law*”.

Similarly, in its press statement on the 2015 Parliamentary Elections⁵⁰, ANFREL stressed the need for broader reforms to the electoral law and system, especially in ensuring fairness for all candidates. It noted that the absence of campaign finance limits, coupled with restrictions on permissible campaign methods tilted the system in favor of wealthier candidates. ANFREL emphasized that reforms should be inclusive and reflect the voices of all Sri Lankans, while also fostering a healthier party system and more accountable representation.

Final Report on the 2019 Presidential elections⁵¹, ANFREL highlighted the urgent need for campaign finance legislation, observing that “*given the lack of legal framework to monitor and control campaign spending by political parties and private campaigners, the playing field is heavily tilted towards moneyed candidates.*” It recommended that Parliament immediately pass campaign finance laws to make elections more inclusive for candidates from diverse income groups.

The Final Report on the 2020 Parliamentary Elections⁵² reiterated these concerns, stating that “*the lack of campaign finance laws has been a long-standing issue in Sri Lanka. Campaign finance remains unregulated and there are no limits on donations or spending. This results in a lack of transparency and accountability and the reinforcement of an unlevel playing field among candidates*”. The report recommended that it was “*high time for the political authorities of Sri Lanka to establish a rigorous legal framework to regulate campaign finance in order to ensure a level playing field among all election candidates*”.

The Commonwealth Election Observation Mission

The Commonwealth Election Observation Mission Report on the 2015 Parliamentary Elections⁵³ noted that “*Currently the restrictions in place do not allow for a vibrant campaign, disadvantage candidates who do not have access to substantial funds and make some violations of election law inevitable*”. The report recommended the introduction of regulation on campaign spending and greater transparency in campaign financing, including donations. It further observed that such reforms would help level the playing field for all candidates.

Similarly, the Commonwealth report on the 2019 Presidential Elections⁵⁴ stressed that the lack of campaign finance legislation had resulted in stark disparities in campaign expenditure among political parties and, thereby fostering an uneven playing field. The report also wanted that this situation increased

⁴⁹ <https://anfrel.org/sri-lanka-presidential-election-2015-a-triumph-of-the-people/>

⁵⁰ <https://anfrel.org/press-statement-anfrel-notes-continued-improvement-of-sri-lankas-electoral-system/>

⁵¹ <https://anfrel.org/final-mission-report-2019-sri-lankan-presidential-election/>

⁵² <https://anfrel.org/wp-content/uploads/2020/09/Sri-Lanka-Report-2020-FINAL-ol.pdf>

⁵³ <https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/migrated/press-release/documents/Sri%20Lanka%20Parliamentary%20Elections%20August%202015%20-%20Commonwealth%20Observer%20Group%20Report.pdf>

⁵⁴ <https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/documents/Sri-Lanka-2019-PE-COG-Report.pdf?VersionId=IVYbCgqZgdxY9smW5CeiVvEbQ1qDWLAB>

risk of corruption, bribery, the misuse of state resources, money laundering and voters making influenced rather than informed, choices. Reiterating its 2015 recommendations, the report emphasized that *“Legislation should be introduced to regulate campaign finance, including the adoption of regulatory mechanisms to ensure transparency and accountability”*.

The European Union Election Observation Mission (EUEOM)

The European Union Election Observation Mission (EU EOM) to Sri Lanka’s 2015 Presidential Election⁵⁵ highlighted the absence of a proper regulatory framework on campaign financing and recommended the development of clear campaign finance rules. These should establish permitted and sources of funding, set ceiling on donations and expenditures, and introduce disclosure requirements to ensure a level playing field between candidates and enhance transparency in the electoral process.

In its 2019 Presidential Election report⁵⁶, the EUEOM elevated this issue to one of its priority recommendations, calling for the adoption of a comprehensive law on campaign finance and expenditure. The mission emphasized that such legislation should provide for timely disclosure both before and after elections, ensure robust oversight, sanctions, and enforcement, and require income and expenditure reports to be audited by a competent and independent body with investigative powers.

The European Union repeated call across election cycles highlight the persistent shortcomings in Sri Lanka’s regulatory environment and the urgent need for reforms in line with international democratic standards.

3.3.4. Election Management Body’s Initiatives & Recommendations

The Election Commission of Sri Lanka (ECSL) has also played an important role in advocating campaign finance regulations. In its report following the 2015 Presidential Election⁵⁷, the Commission noted that *“candidates were spending excessively and conducting large-scale propaganda to project their popularity and power, creating unfair advantages.”* To address this issue, Commission recommended establishing a robust mechanism to enforce campaign finance regulations effectively.

Hence, the ECSL drafted a Campaign Finance Regulation Bill and submitted it to the Legal Draftsman’s Committee of the Sri Lanka Cabinet on 2018, revised it in 2019, and later provided suggestions for the 2022 draft Bill.

3.3.5. International Partners Initiatives & Recommendations

While the absence of campaign finance regulation remains a domestic issue, various international partners have played a key role in supporting Sri Lanka’s reform efforts. Organizations such as Democracy Reporting Institute (DRI), International Institute for Democracy and Electoral Assistance (International IDEA), The Carter Center (TCC), International Foundation for Electoral System (IFES), National Democratic Institute (NDI), and the Westminster Foundation for Democracy (WFD) have collaborated with Sri Lankan election stakeholders to advocate for stronger campaign finance regulation.

⁵⁵ https://eeas.europa.eu/archives/eueom/missions/2015/sri-lanka/pdf/eueom-srilanka-final-report_20151017_en.pdf

⁵⁶ https://www.eeas.europa.eu/eom-sri-lanka-2019/eu-eom-sri-lanka-final-report_en?s=3147

⁵⁷ <https://parliament.lk/uploads/documents/paperspresented/1662014897036283.pdf>

Through technical expertise, research, training, and the sharing of comparative experiences from other countries, these organizations have helped to raise awareness of best practices, support local advocacy, and build momentum toward the introduction of comprehensive legal reforms. Their engagement has complemented domestic initiatives, reinforcing the need for transparent, accountable, and equitable campaign finance system in Sri Lanka.

Key Contribution Include:

- Democracy Reporting International (DRI) published “Campaign Finance in Sri Lanka Recommendations for Effective Implementation (June 2020).⁵⁸” The publication offered a set of practical legal and institutional measures to make campaign finance regulations workable in the Sri Lankan context. The report aimed to strengthen the Draft Law on campaign finance prepared by the Election Commission, providing a basis for its effective implementation while supporting the Sri Lanka’s democratic transition. Therefore, DRI emphasized a comprehensive campaign finance framework must integrate all five essential areas of interventions,
 - (i) Strong legal provisions
 - (ii) Comprehensive spending and contributions limits
 - (iii) Adequate disclosure and reporting requirements
 - (iv) Robust investigative and oversight authority
 - (v) Effective sanctions and remedies
- International IDEA facilitated regional dialogues on political finance and supported the development of key guiding documents, such as “New Delhi Declaration on Political Finance Regulation in Asia (2015)” in collaboration with Election Management Bodies across South Asia through FEMBoSA. Their efforts helped to promote regional consensus on best practices for campaign finance transparency, accountability and legal frameworks.
- IFES has worked closely with the Election Commission of Sri Lanka to strengthen institutional capacity in monitoring and regulating money in politics. Through comparative studies, technical support, and training initiatives, IFES contributed to building local expertise on campaign finance oversight and enforcement mechanism. Its engagement helped connect Sri Lanka’s reform efforts with global best practices and experiences. Notably, the writings of Dr. Magnus Ohman, along with IFES’s key global resources as “Controlling Money in Politics: An Introduction” and “Regulating the Role of Money in Politics”, have translated international principles on political finance into practical guidance tailored to Sri Lanka’s evolving reform context.
- National Democratic Institute (NDI) supported political parties and CSOs in advocating for transparency, disclosure requirements, and stronger accountability in party financing practices.
- Westminster Foundation for Democracy (WFD) promoted parliamentary dialogue on political finance reform, including discussions on expenditure ceiling, public funding options, and gender sensitive approaches to campaign finance.

58

https://www.researchgate.net/publication/352248570_Campaign_Finance_in_Sri_Lanka_Recommendations_for_Effective_Implementation

Together, these international initiatives have reinforced domestic advocacy by demonstrating that Sri Lanka's campaign finance challenges are part of a global democratic struggle, and by offering tested frameworks to guide reform.

3.4. Key Milestones Toward the Election Expenditure Act

The enactment of the Regulation of Election Expenditure Act No.02 of 2023 was culmination of decades of persistent advocacy, research, and reform efforts. The need for campaign finance regulation had been repeatedly highlighted by election stakeholders in almost every major election in Sri Lanka, yet it took years of debate, proposals, and legal challenges before comprehensive legislation was finally enacted.

The reform process was marked by several key milestones, including studies, policy proposals, and landmark legal cases, all underscoring the urgent need to curbing excessive campaign spending and creating a level electoral playing field. Notably, the government made two direct attempts to introduce campaign finance regulation in 2019 and 2022, before the final adoption in 2023. Throughout this period, civil society organizations, election monitoring groups, and other stakeholders consistently advocated for robust legal framework that would promote transparency, accountability, and equity in electoral competition.

Chronological List of Key Advocacy Milestones

16 September 2016: Initiating Campaign Finance Reform- A Ministerial Request to PAFFREL

During discussions of the Cabinet Sub-Committee on Local Government, PAFFREL Executive Director Rohana Hetiarchchi emphasized the importance of regulating campaign finance in Sri Lanka. Acknowledging this legislative gap, then Minister of Provincial Council and Local Government, Faiszer Musthapa, requested PAFFREL to take the lead in drafting a proposal on campaign finance regulation⁵⁹.

Following the request, PAFFREL drafted a Bill on "Campaign Finance Upper Limitation for Elections"⁶⁰. The drafting process was conducted in collaboration with other election monitoring organizations. Importantly, the proposed Bill received valuable input from the Election Commission, ensuring that the recommendations were both practical and aligned with the country's electoral context.

The proposed Bill sought to:

- Impose ceiling on election expenditure by political parties and candidates, calibrated to the number of registered voters in each constituency.
- Require every party and candidate to open a dedicated bank account for campaign funds, with mandatory disclosure of all sources and expenditures.
- Prohibit donations from certain individuals or entities.
- Mandate submission of audited financial reports to the Election Commission after each election.

⁵⁹ This information was confirmed by PAFFREL Executive Director, Rohana Hettiarchchi during his interview for this project

⁶⁰ <https://archives1.dailynews.lk/2016/09/19/local/93504>

The draft legislation aimed to curb excessive spending by wealthy candidates and parties, establish transparency and accountability in political finance, and create a more equitable playing field that would enable fairer competition and greater opportunities for capable candidates.

August 2017: PAFFREL Model Legislation on Campaign Finance

On 1 August 2017, PAFFREL as the foremost election observation organization in Sri Lanka, drafted a Model Legislation titled “Placing Limits on Campaign Finance of Political Parties, Independent Groups and Election Candidates”. This initiative represented the first comprehensive attempt in the country’s history to develop a legal framework for regulating campaign finance. The proposal was formally submitted to the relevant national authorities, including the then President of Sri Lanka, His Excellency Maithripala Sirisena, Cabinet Ministers, the Election Commission of Sri Lanka, and other key institutions and officials involved in electoral reform.

The Model Legislation focused on three main objectives:

- (i) Ensuring the transparent use of expenditure and income of election candidates
- (ii) Preventing restrictions of the freedom of the people to elect their representatives
- (iii) Promoting equality among candidates.

Key Features:

Scope: Applies to all political parties, independent groups, and candidates contesting any local government, parliamentary, presidential election, referendum, or other elections; covers the election period from the announcement to conclusion.

Campaign expenditure: Includes campaign materials, advertisement (excluding news or debates), rented resource, human resources (excluding immediate family). Small voluntary canvassing (fewer than ten people) is exempted. Prohibited campaign methods are offenses.

Permissible Spending: Funds must be used solely to win the election; promoting others is prohibited. The Election Commission can regulate campaigns by non-contesting entities influencing voters.

Expenditure Ceilings:

- Political party or independent groups is contesting for representing entire country entitled to spend campaign funds up to fifty times the number of registered voters in the country.
- Political party or independent groups contest only specific geographical area entitled to spend - Rs. 50 per registered voter, adjustable by up to 50% for low-density areas through permission from the Election commission.
- Candidates- maximum spending equals Rs. 100 multiplied by the number of eligible voters in their electorate.
- Alliances treated as a single entity for expenditure limits, national list candidates subject to party limits.
- National list candidates are considered as the relevant political party or the independent group, and are subject to the expenditure limit of the political party or the independent group.

Bank Accounts: Separate bank account and used exclusively for campaign funds, reported to District Election Offices, closed within seven days after elections, all donors must disclose with their identity.

Aid and Donations:

- Individuals: max 1% of registered voters (can be increased to 10% for local elections)
- Business entity or institution or individual contributions: max 5% of the total registered voters.
- Prohibited sources: foreign entities, liquor/drug/gambling business, government linked companies or organizations involved in environmental violations.

Non-Finance Aid: Valued at market rates and included in expenditure reports.

Enforcement and Offenses:

- Offenses include exceeding spending limits, interfering with Election Commission duties, fabricating records, destroying accounts, or unauthorized bank transactions.
- Penalties range from annulment of candidacy, disqualification from elections for seven years, imprisonment (1-5 years), fines up to Rs. 100,000, or both.

Legal Action:

- Election Commission can initiate proceedings in Provincial High Courts; judgments delivered within three months.
- Candidates lose office, voting rights, and eligibility for seven years if guilty.
- Party secretaries, members, or others face prison, fines, and a 7-year election ban.

Regulatory Authority: The Election Commission can issue and publish regulations on expenditure supervision, reporting, and investigation.

The PAFFREL Model legislation on Campaign Finance provides comprehensive framework to regulate political party, independent group, and candidate, spending, ensuring transparency, fairness, and accountability in elections. It sets clear expenditure limits, requires separate campaign accounts, regulates donations, mandates detailed record keeping and empowers the Election Commission to monitor compliance. Strict penalties and legal mechanisms ensure enforcement, deterring violations and fostering a fairer electoral process for all participants.

November 2018: Draft Bill by the Sri Lanka Election Commission

In November 2018, the Election Commission Sri Lanka drafted a Bill titling “Elections (Special Provisions) Act... 2018” and submitted it to the necessary revision from the Legal Draftsman’s Department at the Cabinet before being presented to Parliament. The Bill proposed amendments to the Local Authorities Elections Ordinance (Chapter 262), the Provincial Councils Elections Act, No 2 of 1988, the Parliamentary Elections Act, No. 1 of 1981 and the Presidential Elections Act; No. 15 of 1981, with the aim of regulating election expenditure by political parties, independent groups and candidates.

The Election Commission proposed bill is quite similar to the Model Legislation introduced by PAFFREL in 2017, with several important key features outline below:

Key Features:

Expenditure Restrictions: Limits imposed on election spending by registered political parties, independent groups, and candidates, exceeding ceilings deemed an offence.

Prohibited Donations & Penalties: government departments, government or public corporations, locally unregistered international organizations, and individuals who cannot disclose their identity.

Candidates, party secretaries, or independent groups leaders accepting prohibited donations could face fine up to Rs. 100,000 and 3-year ban on political activity. Election Commission have authority to remove name from voter registry.

Separate Bank Account: Mandatory opening of a dedicated campaign bank account within seven days of election notice, all transaction to pass through this account with receipts issued for every contribution.

Record Keeping and Auditing: Party secretaries and independent group leaders required to submit audited accounts, bank statement, and certified finance records to the Election Commission, supported by a sworn declaration attested by a Justice of the Peace.

Transparency: The Election Commission to publish submitted accounts and records in Sinhala, Tamil and English for public access.

Offences: Offences included accepting donations outside the bank account identified for campaign expenses, unauthorized spending, or exceeding the prescribed ceiling, such violations could result in legal prosecution.

Candidate Obligations: Candidates required to submit detailed returns of contributions and expenditure in accordance with the law (within 10 weeks of the date of publication of the results) to their respective Returning Officer of the Election Commission.

In summary, the 2018 Election Commission bill marked continuation of PAFFREL's reform efforts, reinforcing expenditure limits and transparency measures, but it ultimately remained unpassed and unrealized law.

2019 Election Campaign Finance Bill

In 2019, the Election Commission of Sri Lanka submitted a revised Election Campaign Finance Bill to the Attorney General's Department, incorporating amendments to the November 2018 draft. The updated 2019 version refined and clarified several provisions of the earlier draft, further strengthening the proposed regulatory framework.

The 2019 draft represented a significant tightening of the regulatory regime compared to the 2018 version. It introduced strict liability, and imposed stronger penalties, thereby closing loopholes and enhancing accountability for both candidates and political parties. However, the draft was not enacted before the Presidential election held later that year.

The draft Bill was reviewed by several groups, including Democracy Reporting International (DRI)⁶¹, which following consultation with various individuals, organizations, identified five key areas for strengthening the campaign finance framework:

- Strong Provisions -Enact the law well in advance of elections to allow compliance.
- Comprehensive limits- Address loopholes such as third-party spending, digital campaigning, debts and hidden expenses.
- Adequate Disclosure & Reporting -Require pre-election reports so voters can access finance data before casting votes.
- Investigate Oversight Authority- Empower the Election Commission with investigative powers to ensure compliance.
- Sanctions & Remedies – Clarify responsibilities, enforcement procedures, and ensure effective penalties.

While the 2019 draft introduced stricter liability and penalties, it remained limited in key areas such as third-party regulation, pre-election reporting, and investigative powers, which remain critical gaps that prevented full alignment with international best practices.

June 2022: The Select Committee of Parliament on Electoral Reform

The parliament of Sri Lanka appointed a Select Committee to identify appropriate reforms to election laws and the electoral system, and to recommend necessary amendments. The Committee, chaired by Minister Dinesh Gunawardane, invited proposals from a wide range of stakeholders. In total, the Committee received over 160 submissions from civil society, religious groups, women's organizations, cultural and ethnic representatives, and the general public. PAFFREL, CMEV and Center for Policy Alternative (CPA) given oral submission addition to written submission. Furthermore 36 political parties submitted their proposals.

The Committee's final Report⁶², submitted to Parliament on 22 June 2022 by Minister Gunawardana, was subsequently approved by Parliament.

With respect to campaign finance, the report made important observations and recommendations. Observation (10), highlighted that the stated that the large amount of money spent by candidates during election campaigns foster corruption within the political system, leading to violence, and undermine free and fair elections by negating healthy competition among the political parties and candidates and equal opportunity. Recommendation 6(a), referring to the Cabinet decision of 29 November 2021, emphasized the urgent need to enact legislation to regulate election expenses. The Committee endorsed this decision and urged further action to establish a comprehensive legal framework to control campaign spending.

November 2022: Regulation on Campaign Finance Bill

The "Regulation on Campaign Finance Bill" was gazette on 29 November 2022 and presented by the Minister of Justice, Prison Affairs and Constitutional Reforms on 8 December 2022 to the Cabinet Ministers. Announcing the gazette, the minister noted that *"this has been a major concern and piece of*

⁶¹ Democracy Reporting International, Campaign Finance in Sri Lanka: Recommendations for Effective Implementation; June 2020

⁶² <https://www.parliament.lk/uploads/comreports/1655963940091379.pdf>

legislation which got delayed for many years. It will enhance the transparency and accountability of the public representatives⁶³” This Bill marked the second legislative attempt to regulate campaign finance.

Key Features of the Bill

Scope of Application: Applies to all major elections in Sri Lanka covering following Ordinance and Acts

- Local Authorities Elections Ordinance (Chapter 262),
- Provincial Councils Elections Act, No 2 of 1988,
- Parliamentary Elections Act, No. 1 of 1981,
- Presidential Elections Act; No. 15 of 1981

Authorized Expenditure Limits:

Election Commission decides the amount in rupees after consulting with recognized political parties, independent groups, and other candidates whose contesting for the election. The ‘authorized amount’ will be publishes releasing Gazette.

“**Authorized Amount**” is calculated as:

- Local Authority Elections - Number of registered voters in electoral area multiple by fixed authorized amount
- Provincial Council Elections - Number of registered voters in administrative district multiple by authorized amount
- Parliamentary Elections - Number of registered voters in electoral district multiple by authorized amount
- Presidential Elections - Number of registered voters in all electoral district multiple by authorized amount

Expenditure Limits and Penalties:

- Exceeding the “authorized amount” is an “illegal practice” with penalties under relevant election laws unless they can prove that the excess spending occurred without their knowledge, sanction, or connivance.

Prohibited Donations/Contributions and Penalties:

Candidates cannot accept contributions (cash or kind) from:

- Government departments or public corporations
- Companies where government/public corporations hold shares
- Foreign governments or international organizations
- Bodies corporate registered outside Sri Lanka
- Sri Lankan companies with 50% or over foreign shareholding.
- Anonymous donors (where donor identity is not disclosed)

Illegal practices under the above are liable to penalties under the law including fines or disqualification.

⁶³ <https://www.ft.lk/front-page/Cabinet-green-lights-Campaign-Finance-Bill/44-742232>

Mandatory Disclosure of Donations & Expenses:

Within 21 days after publication of results, candidates must submit following:

Return on donations/contributions (cash or kind), including donor's name, address, NiC/registration number, and type of support (gift, loan, etc)

Return of Expenses, with bills/receipts, flags etc and returns must be signed and attested before a justice of the peace.

- Radio/TV and print advertisements
- Hiring premises/equipment for campaign meetings
- Hiring vehicles & fuel (except some personal expenses)
- Exemptions: Candidate's own transport, stationery, communication expenses.
- Returns must be signed and attested before a justice of the peace.

Publication of Returns and Public Inspection:

- Upon receiving candidates' returns and declarations: the Returning Officer (for Local Authorities, Provincial and Parliamentary elections) or the Election Commission for the Presidential election must publish notice in at least one Sinhala, Tamil and English newspaper.
- The Notice should list the names of candidates who submitted and specifies the place and time where the public can inspect them.

Offences & Penalties:

All violations are deemed "illegal practices" under the relevant elections laws and carry penalties such as fines, disqualification, or other sanctions. Offences include:

- Exceeding the authorized expenditure ceiling
- Accepting prohibited donations or contributions
- Failing to submit required returns or donations and expenditure within the stipulated timeframe.
- Knowingly submitting false or misleading information in returns or declarations.

The Regulation on Campaign Finance Bill, introduced in November 2022, represented a significant step toward establishing a comprehensive framework to regulate and control campaign expenditure in Sri Lanka. By setting expenditure ceiling linked to voter numbers, prohibiting certain categories of donations, and requiring post-election disclosure of all contributions and expenses, the Bill sought to enhance transparency and fairness in the electoral process. Offences for overspending, receiving prohibited funds, or failing to submit accurate returns were clearly defined, making campaign finance regulation a matter of enforceable law. Although later refined into the 2023 Act, the Bill marked a critical step toward curbing undue influence of money in politics and safeguarding electoral integrity.

Comments & Recommendations by Various Groups on the Draft Bill

Several civil society organizations and electoral reform stakeholders provided input on the proposed Regulation on Campaign Finance Bill on 2022, highlighting both strengths and gaps. Among these.

Transparency International Sri Lanka (TISL), in its Legislative Briefs on the Election Campaign Finance Bills of 2019 and 2022⁶⁴, offered detailed analysis and recommendations.

Key Gaps Identified in the 2022 Draft Compared to 2019 Draft:

Dedicated Campaign Bank Account:

- 2019 draft mandated that candidates, political parties and independent groups maintain separate bank accounts for campaign financing, a provision not included in the 2022 draft.
- Recommended reinstating this requirement to ensure all campaign related contributions and expenditures are properly tracked and accountable.

Disclosure of Accounts and Contributions:

- The 2019 draft mandated public disclosure of all accounts and records of parties, candidates, and independent groups. In contrast, the 2022 draft only requires the Election Commission of Sri Lanka (ECSL) to name candidates who submitted returns, leaving publication of accounts vague and voluntary.
- Recommended reinstating the 2019 provisions to ensure all parties, candidates, and independent groups are accountable, and that disclosures include both financial and in-kind contributions, such as meals, gifts, or use of equipment.

Coverage of All Entities:

- The 2022 draft focuses primarily on candidates, excluding political parties and independent groups from full disclosure and oversight.
- An effective disclosure system, must cover all three entities to prevent circumvention of regulations and ensure a complete picture of campaign financing.

Third-Party Spending:

- The 2022 draft does not adequately address expenditures made by third parties, which often play a significant role in election campaigns.
- Recommended that all campaign-related spending, whether by candidates, parties, or third parties, be channeled through a designated bank account disclosed to the Election Commission, with any expenditure outside this system constituting an offence.

Pre- and Post-Election Disclosure:

- Disclosure should not be limited to post-election reporting but also pre-election disclosure allows voters to understand who is funding candidates and ensures transparency in campaign support.
- Additionally, non-election cycle contributions should be reported annually, complementing asset and liability disclosures already required of elected representatives.

⁶⁴ <https://www.tisirilanka.org/wp-content/uploads/2023/01/TISL-Recommendations-on-Election-Campaign-Finance-Bill.pdf>

Contribution and Spending Limits:

- The 2022 draft introduces bans on certain sources of donations (e.g., government entities, foreign governments, companies with majority foreign ownership) but fails to impose overall limits on contributions.
- Recommended establishing both spending limits and donation limits for candidates and parties, including in-kind contributions (e.g., subsidized advertising, office rentals), to promote fair competition, limit undue influence, and reduce corruption risks.
- Donations should be directed through parties or independent groups, with Election Commission prescribing allocation to candidates based on authorized expenditure amounts.

Reporting and Verification Mechanisms:

- The 2022 draft allows public inspection of returns for a fee, but TISL argued that fees should be removed to ensure broad access.
- The Election Commission should be empowered to actively verify, investigate, and cross-check submitted accounts and disclosures, including liaising with the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) when discrepancies arise.
- An electronic reporting system is recommended to help identify red flags and enable comparisons across entities.

Penalties and Enforcement:

- Existing penalties for illegal practices, such as exceeding spending limits or submitting false returns, are minimal or unspecified in the 2022 draft, reducing the deterrent effect.
- Recommended introducing stronger fines and possible imprisonment, alongside clear enforcement responsibilities for the ECSL, to ensure compliance and credible oversight.

Role of the Election Commission of Sri Lanka:

- Election Commission must maintain a high degree of independence and authority to scrutinize accounts, issue guidelines, and restrict misuse of state resources during elections.
- Election Commission should have the power to reject nominations if asset declarations are incomplete, and publicly disclose the status of investigations into discrepancies or illegal activities.

Overall, election stakeholders emphasized that while the 2022 draft represented meaningful progress toward regulating campaign finance, several significant gaps remained. These included limited coverage of political entities, inadequate regulation of third-party spending, weak disclosure and reporting mechanisms, the absence of donations limits, and insufficient enforcement provisions. Implementing the recommended reforms would greatly enhance transparency, accountability, and fairness in Sri Lanka's elections, thereby preventing undue influence and fostering greater political pluralism.

In addition, PAFFREL's 2018 Model Legislation was considered a more progressive draft, as it proposed broader coverage of political actors, stricter disclosure requirements, clear expenditure ceilings, and stronger mechanisms for independent monitoring and enforcement.

3.4.1. Comparison of Key Provisions: PAFFREL Model Legislation (2018) and the Election Commission Draft Bills (2018, 2019) and 2022 Bill

The following table presents a comparative overview of key provisions between PAFFREL's 2018 Model Legislation on Campaign Finance and the Election Commission's draft Bills of 2018, 2019, and legal draft 2022. It highlights the evolution of proposed campaign finance regulation in Sri Lanka, focusing on the core aspects such as scope, expenditure limits, permissible funding donations, disclosure requirements, and penalties. The comparison illustrates how each successive draft sought to refine the legal framework, particularly through the 2019 Bill, which strengthened accountability and enforcement measures, while the 2022 draft introduced procedural adjustments and simplifications to the overall regulatory approach.

Subject	Model Legislation on Campaign Finance (PAFFREL)	2018 Election Commission Draft Bill	2019 Election Commission Draft Bill (Revised version of 2018)	2022 Draft Bill
Scope	Applies to all political parties, independent groups, and candidates contesting all elections during the election period.	Applies to all political parties, independent groups, and candidates contesting all elections during the election period.	Applies to all political parties, independent groups, and candidates contesting all elections during the election period.	Applies to all political parties, independent groups, and candidates contesting all elections during the election period.
Campaign expenditure & Ceiling.	Limits on election spending are imposed in accordance with the law, as the draft Model already specifies the ceiling amount.	Ceiling amount should decide EC in consultation with political parties and independent candidate or groups.	Ceiling amount should decide EC in consultation with political parties and independent candidate or groups.	Ceiling amount should decide EC in consultation with recognized political parties and independent groups and candidates.
Restriction on Expenditure	Campaign funds may be used only for the candidate's own election.	Not allowed to exceed the ceiling, except, if it proves at court expenditure incurred without sanction/connivance.	Not allowed to exceed the ceiling, except, if it proves at court expenditure incurred without sanction/connivance.	Exceeding the authorized spending limit is illegal unless done without the candidate's or party's knowledge or consent.
Aid, Donations & Prohibited Donations and Penalties	Contributions have prescribed limits, foreign aid or donations prohibited.	Broader list, including government corporations and foreign-own companies. Applied penalties against receiving	Certain donations prohibited including foreign donations/aid, government etc. Applied penalties against receiving	Certain donations prohibited including foreign donations, government funding, anonymous donations etc.

		banned donations/aid.	banned donations/aid.	Receiving donations from prohibited sources is an illegal practice and is punishable by fines or disqualification under the law.
In-kind Donations	Must be valued at market rates and reported as part of campaign expenses.	-	-	-
Bank Account Requirements & Disclosure	Separate bank account must be opened within week of the election announcement and used solely for campaign funds.	<p>A separate bank account must be opened within seven days of the election announcement and used exclusively for campaign funds.</p> <p>Party Secretary or independent group should maintain the records of receiving in detail.</p> <p>Within 10 weeks after the election, the party secretary, independent group, or presidential candidate must submit to EC an audited financial statement, certified financial records, a bank statement showing all deposits and withdrawals, and a declaration confirming the accuracy of the information.</p> <p>EC required to publish a notice on its website and in newspapers (in</p>	<p>A separate bank account must be opened within seven days of the election announcement and used exclusively for campaign funds.</p> <p>Party Secretary or independent group should maintain the records of receiving in detail.</p> <p>Within 10 weeks after the election, the party secretary, independent group, or presidential candidate must submit to EC an audited financial statement, certified financial records, a bank statement showing all deposits and withdrawals, and a declaration confirming the accuracy of the information.</p> <p>EC required to publish a notice on its website and in newspapers (in</p>	<p>Not required separate Bank Account.</p> <p>Within 21 days after publication of results, candidates must submit detail return on donations, and expenses by party secretary, independent group, or candidate to the EC.</p> <p>The returns should be signed and attested before a</p>

		English, Sinhala, and Tamil) announcing receipt of the statements and specifying where and when they can be inspected. The EC must allow any person to inspect and obtain copies of submitted financial records at designated times and places for a prescribed fee.	English, Sinhala, and Tamil) announcing receipt of the statements and specifying where and when they can be inspected. Its public document and any person may examine and obtain copies of these records upon payment of a prescribed fee.	justice of the peace. EC required to publish in newspapers in all three languages (Sinhala, Tamil and English).
Offence & Penalties for illegal practices	Election Commission may impose disqualification for seven years, annulment of candidacy, imprisonment (1–5 years), and/or fines up to Rs. 100,000	Conviction- fine up to Rs. 100,000 + 3 years incapability. Upon the conviction, EC may remove the name from the electoral register.	Conviction- fine up to Rs. 100,000 + 3 years incapability. Upon the conviction, EC may remove the name from the electoral register.	“illegal practices” under the relevant elections laws and carry penalties: fines, disqualification, or other sanctions.
Regulatory Authority	EC is empowered to issue and publish regulations related to expenditure supervision, reporting, and investigation. For legal action, the Election Commission may initiate proceedings in the Provincial High Courts.	EC has power to publish returns. Fines shall be imposed in accordance with the orders of the Magistrate Court.	EC has power to publish returns. Fines shall be imposed in accordance with the orders of the Magistrate Court.	EC has power to publish returns. Penalties against illegal practices accordance with the law.

4. Current Legal Framework: The Regulation of Election Expenditure Act, 2023.

The Regulation of Election Expenditure Act No. 03 of 2023, passed on 19 January 2023, and came into effect on 27 January 2023, marks a historic milestone in Sri Lanka's electoral reforms. It establishes a comprehensive legal framework to regulate campaign expenditure by political parties, independent groups, and candidates across all level of elections, namely local government, provincial councils, parliamentary and presidential.

The law was introduced in response to long standing concerns over the unchecked flow of money in politics, the lack of transparency in campaign financing, and the disproportionate influence of wealth in shaping electoral outcomes. By establishing expenditure ceilings, prohibiting certain categories of donations, and requiring detailed disclosure of campaign contributions and expenses, the Act seeks to strengthen accountability, reduce corruption, and foster a more equitable electoral playing field. Importantly, it also grants the Election Commission enhanced oversight powers, including authority to monitor compliance and make campaign finance data publicly accessible, thereby advancing both democratic integrity and public trust in the electoral process.

The Bill was passed with a 61 majority votes, securing 97 votes in favor and 36 against in the 225 -member parliament. Opposition parties criticized the timing, alleging it was intended to delay Local Government Elections⁶⁵. Nevertheless, the enactment of this law marked Sri Lanka's first comprehensive attempt to regulate campaign finance.

4.1. Key Features of the Regulation of Election Expenditure Act

- **Scope and Applicability:** Section 2 specifies that the Act applies to all major electoral laws,
 - (a) Local Authorities Elections Ordinance (Chapter 262),⁶⁶;
 - (b) Provincial Councils Elections Act, No 2 of 1988⁶⁷
 - (c) Parliamentary Elections Act, No. 1 of 1981⁶⁸, and
 - (d) Presidential Elections Act; No. 15 of 1981⁶⁹
- **Authorized Expenditure Limits:** Section 3 empowers the Election Commission, in consultation with political parties, independent groups, and candidates, to determine and publish authorized spending limit within five days of the close of nominations. These limits, calculated on a per voter basis and adjusted for inflation, apply to candidates, parties, and independent groups.
- **Limits on Election Expenditure:** Section 4 sets strict caps on election spending, making any expenditure beyond authorized ceiling an "illegal practice". Candidates may only avoid liability if they can prove excess spending occurred without their knowledge or consent.

⁶⁵ <https://economynext.com/sri-lanka-parliament-pass-poll-campaign-finance-bill-amid-opposition-cry-over-lg-poll-delay-109708/>

⁶⁶ https://elections.gov.lk/web/wp-content/uploads/publication/acts/LAE_262_S.pdf

⁶⁷ https://elections.gov.lk/web/wp-content/uploads/publication/acts/02-1988_S.pdf

⁶⁸ https://elections.gov.lk/web/wp-content/uploads/publication/acts/01-1981_S.pdf

⁶⁹ https://elections.gov.lk/web/wp-content/uploads/publication/acts/15-1981_E.pdf

- **Prohibited Donations-** Section 5 prohibits bans donations from;
 - ✓ Government entities, public corporations, or state-owned enterprises
 - ✓ Foreign governments and international organizations
 - ✓ Companies registered outside Sri Lanka
 - ✓ Domestic companies with more than 50% foreign ownership
 - ✓ Anonymous donors
- **Disclosure and Transparency-** Section 6 requires submission of detailed returns of donations and expenses (excluding personal transport, stationery, telephone) within 21 days of the official announcement of results. These must be signed by the responsible authority and attested before a Justice of the Peace.
- **Publication of Returns:** Section 7 obliges Returning Officers (for Local, Provincial and Parliamentary elections) and the Election Commission (for Presidential election) to publish notices in Sinhala, Tamil, and English newspapers confirming receipts of returns and specifying where they may be inspected. Such notices must be published within ten days (10-days) after the deadline specified in Disclosure and Transparency section (Section 6 (1)).
- **Offence of an Illegal Practice:** Section 8 makes it an offence to fail, without reasonable cause, to submit returns, or to knowingly include false or misleading information. Such offences are treated as illegal practices under election law.

Penalties under Applicable Laws:

Law	Sections	Description
Presidential Elections Act (No. 15 of 1981)	86 – 87	Fine up to Rs. 100,000 and loss of voting rights for 3 years. Prosecuting by High Court requires by Attorney General's Department.
Parliament Elections Act (No. 1 of 1981)	87 – 88	Fine up to Rs. 100,000 and loss of voting rights and eligibility for 3 years and seat vacated if applicable. Conviction by High court, requires Attorney General's authorization.
Provincial Councils Elections Act (No. 2 of 1988)	88 – 89	Fine up to Rs. 100,000 and loss of voting rights and eligibility for 3 years. Seat vacated if applicable. Conviction by magistrate. Requires Attorney General's authorization.
Local Authorities Elections (Amendment) Act (No. 1 of 2002)	6 – 86	Fine up to Rs. 100,000 and loss of voting rights and eligibility for 3 years, seat vacated applicable. Conviction by magistrate, requires Attorney General's authorization.

Taken together, these provisions represent a major step toward institutionalizing transparency and accountability in Sri Lanka electoral process. By setting ceilings, banning prohibited donations, and mandating disclosure, the Act seeks to curb the undue influence of money in politics and promote fair competition. Yet, as the recent elections under act revealed, enforcement and practical implementation remain the critical challenges.

4.2. From Law to Practice: Gaps in Implementation

The Regulation of Election Expenditure Act was first applied in three elections following its enactment,

- Presidential Election (21 September 2024)
- Parliamentary Elections (14 November 2024)
- Local Government Elections (6 May 2025)

While the Act represents a landmark in campaign finance regulation, practical enforcement has revealed significant challenges.

4.2.1. Monitoring Initiatives: Chanda Salli Meter (Campaign Finance Meetre)

During the 2024 Presidential Election, a coalition of election monitoring organizations including TISL, PAFFREL, CMEV, CaFFE, IRES, and Hashtag Generation launched the “Chanda Salli Meetare ⁷⁰” initiative, with the support of the Westminster Foundation for Democracy (WFD)⁷¹ to monitor compliance with the newly introduced Campaign Finance Law.

The “Chanda Salli Meetare” is a campaign finance observation tool designed to strengthen the monitoring capacity of election observation groups in Sri Lanka. It enables systematic tracking and analysis of candidate expenditure with the aim of supporting the enforcement of the Campaign Finance Law. By publishing verified data on campaign expenditure, the initiative provides voters with information to make informed decisions, help ensure fairness among candidates, and contributes to a more transparent electoral process⁷². Broader goals of “Chanda Salli Meetare” are to:

- Promote transparency and accountability in the electoral process by making campaign spending more visible.
- Raise public awareness about the role of money in elections and its potential influence on voter decisions.
- Encourage citizen participation in monitoring campaign finance through an open and accessible digital platform.

While “Chanda Salli Meetare” represented an important innovation, its implementation exposed challenges, including gaps in candidate disclosures, inconsistencies in reporting practices, and difficulties in verifying declared expenditures. Moreover, despite the availability of real-time monitoring platforms, enforcement by the Election Commission remained limited due to legal and technical constraints. These

⁷⁰ <https://chandasallimeetare.lk/home>

⁷¹ <https://www.wfd.org/story/wfd-sri-lanka-supports-election-commission-enforce-campaign-finance-laws>

⁷² <https://ceylontoday.lk/2024/08/19/election-observers-launch-chanda-salli-meetare/>

experiences underscored that while monitoring tools can enhance compliance, the effectiveness of the law ultimately depends on robust enforcement mechanisms, which continue to face significant hurdles.

4.2.2. Domestic Election Stakeholders' Observation and Recommendations

Domestic election observer organizations welcome the Regulation of Election Expenditure Act as a milestone but consistently raised concerns about its weak enforcement framework⁷³.

PAFFREL was among the organization that emphasized the urgent need to strengthen the enforcement powers of the Election Commission. Its Executive Director, Rohana Hettiarachchi observed that the existing legal framework does not adequately empower the Commission to act on violations. He stated that, *"The law should give the commission the power to take legal action. The Election Commission is the entity which actually gets the report, but ultimately, it has no power to take any action. At the Presidential Polls, the Police behaved in a neutral manner. However, timely action might not be taken against those who violate election expenditure law."*

Similarly, the Institute for Democratic Reforms and Electoral Studies (IRES) raised comparable concerns, noting that *"Election Commission doesn't have powers. After it receives a complaint, it can submit it to the Police according to election law. In Sri Lanka, the Police is the entity that can submit the reports to the court."*

The Election Commission of Sri Lanka itself acknowledged these institutional limitations, noting that *"regarding penalties for not submitting reports or providing inaccurate information, we inform the Police and the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) about the failure to submit reports. The Police then consult the Attorney General (AG) and file the case."*

Overall, the new laws represent a significant step towards transparency and accountability, however, their effectiveness is limited by legal loopholes and implementation challenges. The Election Commission's restricted powers, along with difficulties in tracking campaign expenditure and verifying the sources of donations, remain major obstacles. The ultimate impact of these reforms remains will largely depend on strengthening enforcement mechanisms and institutional capacity.

4.2.3. International Election Observers' Recommendations

During the 2024 Presidential Election, both domestic and international observer groups paid close attention to the new regulation. International observers, drawing on comparative experience from other countries, provided recommendations to further strengthen the law. In Particular insights from the Asian Network for Free Elections, the Commonwealth Election Observers and the European Union Election Observers offer valuable recommendations for enhancing the effectiveness, transparency, and accountability of Sri Lanka's campaign finance framework.

Asian Network for Free Elections (ANFREL)⁷⁴:

- Refine the law to apply from the moment elections are declared.
- Establish real-time digital monitoring systems and a dedicated Campaign Finance Monitoring Office with powers to audit returns and investigate suspicious spending.

⁷³ <https://www.themorning.lk/articles/zuHWiHczwmTKx2pbu7mj>

⁷⁴ https://anfrel.org/wp-content/uploads/2025/06/ANFREL_2024-Sri-Lanka_Final-Report_Presidential-f.pdf

- Include stricter provisions for monitoring media expenditures, defining market values for ads, and requiring registered media entities to report campaign related placements⁷⁵.

The Commonwealth Election Observation Mission⁷⁶:

- To the Government of Sri Lanka: impose limits on donations from private sources to reduce undue influence.
- To the Election Commission: establish anti-money laundering guidelines, introduce stronger penalties (fines and candidate disqualification), review legislation to cover both public and private funding, and strengthen EC capacity to enforce the law effectively.

European Union Election Observation Mission (Presidential Elections 2024)⁷⁷:

- Expand Election Commission responsibilities and powers, obligating it to verify financial reports.
- Introduce mandatory reporting by media outlets and online platforms on revenues from paid political advertising.
- Standardize digitalized reporting formats for candidate campaign expenditures.

The recommendations of international observer groups highlight the need for Sri Lanka to move beyond basic disclosure requirements toward a more comprehensive campaign finance regime. By refining the legal framework, strengthening enforcement powers, and introducing digital monitoring and reporting mechanisms, Sri Lanka can align its campaign finance system with world best practices and ensure greater transparency, accountability, and public trust in future elections. These calls for reform also bring into sharper focus the importance of compliance with existing reporting obligations, which is reflected in the status of returns submitted to the Election Commission.

4.2.4. Status of Returns Submissions

Section 6 of the Campaign Finance Law requires political parties, independent groups, and candidates to submit detailed donation and expenditure reports to the Election Commission within 21 days of the official announcement of the election results. These returns must disclose donor information, the value and nature of the contributions and expenses (excluding personal transport). Submissions must also be signed by the responsible authority and attested before a Justice of the Peace, ensuring accountability and legal responsibility.

⁷⁵ <https://anfrel.org/democratic-renewal-sri-lankas-path-forward-2024-sri-lankan-parliamentary-elections-final-report/>

⁷⁶ https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/2024-12/sri-lanka-election-presidential-election-2024-cog-report.pdf?VersionId=Mp_hRQ8TwHBgRBLM6x6ewwqU_guoZYcb

⁷⁷

https://www.eeas.europa.eu/%20_European%20Union%20Election%20Observation%20Mission%20Sri%20Lanka%202024%20Final%20Report

As of 11 September 2025, the Election Commission reports the following status of submissions:

Elections	No. of candidates	No. of Submissions	Status of non-returns
Presidential Election (21 September 2024)	38 ⁷⁸	35	3 ⁷⁹ +10 ⁸⁰
Parliament Elections (14 November 2024)	8888	7824	1064
Local Authority Elections (6 May 2025)	75589 ⁸¹	2000 (around)	73589

Section 8 of the Act provides for penalties against illegal practices, including failure to submit returns or the provision of false information. However, as domestic and international observers have repeatedly noted, enforcement remains weak. Legal action is difficult due to procedural delays and institutional constraints, leaving non-compliance largely unpunished.

According to the Election Commission, legal cases have been initiated by the respective authorities against the three candidates, five party secretaries, and five candidate nominees from the Presidential Election who failed to submit their returns. A similar process is expected to be followed in relation to candidates from the Parliamentary Elections and the Local Government Authorities, who have not submitted their returns. However, as noted earlier, the effectiveness of these proceedings largely on the institutional resources and capacity of the Police Department, the Attorney General's Department, and other related institutions to take timely action, given the limited enforcement powers of the Election Commission itself.

These shortcomings point to persistent, institutional, legal and political gaps that undermine the effectiveness of the law:

- **Lack of institutional power and legal authority:** The Election Commission currently lacks the authority to initiate legal proceedings on its own. Its role is limited to receiving returns and complaints and referring them to external bodies, such as the Police or the Commission to Investigate or Bribery or Corruption (CIABOC). The, in turn, consult the Attorney General before filing a case. This indirect process creates delays and undermines swift enforcement.
- **Limited penalties and weak enforcement:** Although the Act prescribes penalties for non-compliance, enforcement has been inconsistent. The absence of timely and direct action has weakened the law's deterrent effect, signaling to candidates that violations may go unpunished.
- **Institutional capacity limitations:** The Election Commission of Sri Lanka faced constraints in terms of staffing, technical expertise, and resources to effectively monitor campaign finance at the scale

⁷⁸ 39 candidates in total since 1 candidate passed away before the election, became 38 candidates

⁷⁹ Rev. Battaramulle, Seelarathna, Sarath Keerthirathna, Ariya Netthiraran Pakyaya Selvam

⁸⁰ According to the law, the secretary of a political party must submit campaign finance returns on behalf of the party's candidate, while individual nominees of independent candidates are required to submit their own returns. In the last Presidential election, five party secretaries and five nominees failed to submit their returns in addition to 3 Presidential candidates.

⁸¹ <https://srilankabrief.org/slb-update-snapshot-of-may-2025-lg-elections/>

required for major national elections. The lack of a specialized audit or investigative unit further hampered Election Commission's ability to track "illegal practices" under the law and legal actions.

- **Weak verification mechanisms:** The Election Commission of Sri Lanka relied heavily on self-reporting by candidates, parties, and independent groups. However, there were no strong mechanisms in place to independently verify the accuracy of disclosures. This allows candidates, parties and independent groups to underreport or omit expenditures, while third party spending often or easy to unrecorded.
- **Loopholes and indirect spending:** Although the law required candidates to disclose campaign spending, political parties and third parties could still incur significant expenses on behalf of candidates. In practice, this created loopholes where spending limits could be bypassed. For example, advertising, rallies, or in-kind contributions made by allied groups often escaped scrutiny, weakening the intent of expenditure caps.

Political influence and lack of independence: The Election Commission's ability to act decisively is further constrained by political pressures, especially when monitoring major parties or prominent candidates. This lack of independence reduces its effectiveness and risks entrenching a culture of impunity in campaign finance regulation.

Taken together, the experience of the past three elections illustrates that while the Campaign Finance Law is a milestone, implementation challenges persist. Limited legal authority, unclear rules on contributions and expenditure, weak enforcement mechanisms, and institutional constraints have undermined its effectiveness. Election stakeholders' including observer groups have consistently recommended stronger enforcement powers, digital monitoring tools, donor contribution limits, and capacity building of oversight institutions as essential reforms to make campaign finance regulation more transparent, accountable and effective in Sri Lanka.

5. Analytical Framework (Standards and Best Practices)

The regulation of political finance must be assessed not only within national contexts but also against established principles, international standards, and global best practices. This analytical framework draws upon theoretical insights, comparative experiences, and regional commitments to highlight the essential conditions for fair competition and electoral integrity. It emphasizes the importance of transparency, accountability, equality, and effective enforcement principles consistently reflected in international literature and regional declarations.

5.1. Theory of Campaign Finance

The regulation political finance is globally recognized as an essential condition for safeguarding the integrity of elections and ensuring genuine political competition. Scholars and practitioners emphasize both the necessity and the risk of campaign financing. As Dr. Magnus Ohman stated, *“money is both a necessary and problematic part of any democratic system of governance⁸²”* This dilemma captures the dual nature of political finance, while indispensable for democratic participation, it also carries the risk of distorting representation and policy outcomes.

International IDEA, through its seminal publication, *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance*, emphasized the tension between the aspirations of regulation and the shortcomings in practice. The publication observes that *“various attempts have been made around the world to manage political finance, with varying degrees of success. ... some countries have grappled with how to control money in politics for centuries in most places this issue has only come to the attention of legislators during the last few decades⁸³”*. In other words, legal frameworks alone are insufficient without robust enforcement and institutional commitment. This insight is critical when assessing gaps between normative principles and practical realities.

Transparency is a cornerstone principle of campaign finance regulation, yet it remains frequently elusive. In much of Asia, political finance continues to be opaque, with limited disclosure requirements and weak reporting practices. In many countries, official data on campaign contributions and expenditures are incomplete, inconsistent, or unavailable to the public. As Dr. Magnus Ohman highlights in his comparative work, transparency in political finance is limited everywhere in the world, but the problem is especially acute where oversight institutions are weak and where business interests play an outsized role in shaping electoral competition. In the Asian context, the dominance of wealthy individuals, corporations, and informal networks of financiers often transforms campaign finance into a *“black box,”* leaving voters uncertain about whose interests are driving political decision making.

The democratic implications of this lack of transparency are far-reaching. Dr. Kevin Cases-Zamora, Secretary General of the International IDEA, speaking on behalf of International IDEA, wants that, *“when political power is merely a mirror image of economic power, the principle of ‘one person, one vote’ is rendered meaningless.⁸⁴”* In such contexts, political equality, the foundation of democratic elections is eroded, and public trust in democratic institutions is undermined.

⁸² https://magnusohman.net/files/6717/0617/3144/ENGLISH_2022_Controlling_money_in_politics.pdf

⁸³ <https://www.idea.int/sites/default/files/publications/funding-of-political-parties-and-election-campaigns.pdf>

⁸⁴ <https://www.idea.int/speech/black-box-democracy-old-and-new-challenges-political-finance>

Equally troubling is the persistent problem of weak enforcement. Dr. Cases- Zamora underlines that *“the failure to enforce not merely deprives of meaning the efforts to legislate in this area, but actually is one of the causes of the widespread cynicism that pervades discussions about the role of money in politics.”*⁸⁵ Without credible oversight bodies, adequate resources, and a political culture that values compliance, regulatory frameworks risk becoming symbolic gestures rather than tools of accountability.

Taken together, these insights from international standards and best practices provide a clear analytical framework for assessing gaps in political finance regulation. The principles are well established transparency, accountability, equality, and enforcement but the gap lies in their realization. The literature suggests that while most democracies recognize the need for regulation, few succeed in fully implementing mechanisms that protect the public interest against the undue influence of wealth. Thus, any meaningful gap assessment must not only measure the existence of laws and regulations but also evaluate their design, enforcement, and effectiveness in curbing the dominance of money in politics.

Returning to Asia, we observe a regional articulation of democratic aspirations and electoral integrity through the Bangkok Declaration on Free and Fair Elections, adopted during first Asian Electoral Stakeholder Forum (AESF) in December 2012. This *“Asian Blueprint”* addresses core issues in the electoral process including campaign finance affirming its recognition as a structural barrier to fair competition. Endorsed by election management bodies and civil society organizations across Asia, the Declaration has been woven into national level electoral reform dialogues, enhancing regional consensus on financial transparency and accountability in politics. Complementing this, the New Delhi Declaration on Political Finance Regulation in South Asia (2015) further underscored the urgency of robust financial regulation, highlighting specific commitments by South Asian stakeholders to curb the undue influence of money politics. Taken together, these regional instruments demonstrate Asia’s growing recognition of the centrality of campaign finance reform in safeguarding electoral integrity.

5.2. Comparative Practices in Asia: Lessons from Taiwan, the Philippines, India, and Thailand

Campaign finance regulation in Asia has evolved in response to persistent challenges of transparency, political equality, and undue influence of money in politics. While political, legal, and institutional contexts differ significantly, several countries have developed frameworks that provide valuable insights for reform. The experiences of Taiwan, the Philippines, India and Thailand illustrate how a combination of statutory provisions, oversight by election management bodies, and mechanisms for public accountability can strengthen electoral integrity and reduce the dominance of private and opaque funding.

5.2.1 Taiwan

Taiwan presents one of the most comprehensive and institutionalized approaches to regulating campaign finance in Asia. Its framework, largely contained in the Civil Servants Elections and Recall Act⁸⁶, the Political Party Act, the Political Donations Act and the Presidential and Vice-Presidential Election and Recall Act, introduces clear spending limits, transparent reporting rules and state subsidies to reduce the dominance of private money in politics⁸⁷. Furthermore, the vitality of Taiwan’s civil society and the

⁸⁵ <https://www.idea.int/speech/black-box-democracy-old-and-new-challenges-political-finance>

⁸⁶ <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=D0020010>

⁸⁷ <https://www.lexology.com/library/detail.aspx?g=fd519d22-9c7f-48f0-b3da-e970278c3dd9>

maturity of its democratic system serve as strong pillars, reinforcing Taiwan's role as a model for the power of democracy in Asia⁸⁸.

Public Funding: Taiwan provides public funding to parties and candidates conditional on meeting specific electoral thresholds:

- Presidential election: Political parties whose candidates collect at least one third of the winning candidate's votes are eligible to receive NT\$30 per vote.
- Legislative elections (district): Candidates who collect at least one third of the winning candidate's votes are eligible to receive NT\$30 per vote.
- Legislative elections (indigenous): Candidates who collect at least one half of the minimum number of votes necessary to be elected are eligible to receive NT\$30 per vote.
- Legislative elections (party-list): Political parties that collect at least 3% of the total votes are eligible to receive NT\$50 per vote, every year until the next round of elections (4 years).

Spending limits: Spending limits are fixed by the law according to the population formula;

- Presidential elections: 70% of the total population of Taiwan x NT\$20 + NT\$100,000,000⁸⁹
- Legislative elections: 70% of the total population of the electoral district x NT\$30 + NT\$10,000,000⁹⁰

These ceiling also serve as the maximum subsidy that parties or candidates can receive for reimbursement of campaign expenses. Notably, penalties for exceeding spending limits were removed to encourage honest reporting of campaign funds.

Reporting and Transparency Requirements

- Parties and candidates must record all incomes and expenditures, including donor identities and purposes of disbursements.
- Political donations in kind or valued under NT\$ 2,000 do not require recording.
- After elections, candidates must be signed and audited reports to the Control Yuan (the oversight body) within 3 months for candidates and 5 months for political parties.

Political Donations under the Political Donation Act

- Donations to a single political party or political association (per year):
 - ✓ By individuals: NT\$0.3 million
 - ✓ By civil associations: NT\$2 million
 - ✓ By profit-seeking businesses: NT\$3 million

⁸⁸ <https://ccw.org.tw/english/news/2024-0327-english>

⁸⁹ Presidential and Vice-Presidential Election and Recall Act, Article 38

⁹⁰ Public Officials Election and Recall Act, Article 41

- Donations to multiple political parties or political associations (per year):
 - ✓ By individuals: NT\$0.6 million
 - ✓ By civil associations: NT\$4 million
 - ✓ By profit-seeking businesses: NT\$6 million

Additional rules include:

- Donations from foreign individuals/organizations and from public enterprises or government contractors are prohibited.
- Vote buying carries up to 3-year imprisonment and fines of up to NT\$ 300,000

Dedicated Campaign Bank Accounts

To strengthen transparency and prevent misuse Article 10 of the Political Donation Act requires;

- Prio to accepting political donations, a political party, political association, or person planning to participate in an election must open a dedicated bank account in a financial institution or post office.
- The account details (bank name, address, account number, account name) must be reported to the competent authority for approval, which will issue a public notice.
- All monetary donations must be deposited into the account within 15 days of acceptance.
- Only one account may be opened and it cannot be altered or closed without the consent of the authority.

Key lessons from the Taiwan

- Clear spending limits: The law establishes detailed ceiling for campaign expenditures across different levels of elections, calculated based on population and constituency size for ensuring fairness and predictability.
- Transparent Reporting Rules: Candidates and parties are legally required to disclose income and expenditures, including donor identities and the purpose of disbursements, with audits by the Control Yuan to strengthen oversight.
- State Subsidies: Taiwan reduces reliance on private money by providing public funding to candidates and political parties that meet vote-share thresholds, offering reimbursements per voter received.
- Donation caps and Restrictions: The Political Donations Acts sets strict annual donation limits for individuals, associations, and businesses, while banning foreign donations and contributions from state-owned or procurement related companies.
- Encouragement of honest reporting: By removing penalties for exceeding expenditure limits, Taiwan prioritizes accurate disclosure over punitive measures, fostering greater transparency.
- Dedicated Bank Accounts: Under Article 10 of the Political Donation Act, all political donations must be managed through a single, dedicated bank account approved by the election authority, ensuring traceability and reducing risks of misuse.

5.2.2. The Philippines

Campaign finance in the Philippines is primarily governed by the Republic Act 7166 (1991) Section 13 and 14⁹¹, which establish spending limits and mandatory reporting obligations for candidates and political parties. These statutory provisions are further supplemented by regulations issued by the Commission on Elections (COMELEC), the constitutional body responsible for ensuring free, fair elections. In recent National and Local elections, COMELEC introduced additional measures to address persistent concerns such as vote-buying, vote-selling, and abuse of state resources⁹². Notably, during the last elections, COMELEC piloted the electronic submissions of Statement of Contributions and Expenditures (SOCEs) and, for the first time, announced plans to publish them online, an important step toward enhancing transparency and public accessibility of campaign finance data⁹³.

Key provisions of Section 13 and 14 of RA 7166 (1991)

Section 13 described authorized expenses of candidates and political parties as follows:

- Candidates:
 - ✓ President and Vice -president- PHP 10 per registered voter.
 - ✓ Other candidates – PHP 3 per registered voter.
 - ✓ Independent candidates (without party support) – PHP 5 per registered voter
- Political parties: Eligible to spend PHP 5 per registered voter in constituencies where they have official candidates.
- Tax exemption: Contributions in cash or kind for campaign purposes, once duly reported to COMELEC, are not subject to gift tax.

Section 14 described Statement of Contributions and Expenditures (SOCEs) as follows:

- Mandatory filing: All candidates and party treasurers must file a full, true, and itemized statement of contributions and expenditures within 30 days after election day.
- Precondition for office: Elected officials cannot assume office until the SOCE is filed. The same applies if the nominating political party fails to submit.
- Penalties for non-filing:
 - ✓ First offence: Administrative fine between PHP 1,000 and PHP 30,000
 - ✓ Second or subsequent offence: Fine between PHP 2,000 and PHP 60,000 + perpetual disqualification from holding public office.
- Enforcement: COMELEC may enforce unpaid fines through writ or execution against the offender's property.
- Registrar's duty: Local election registrars must notify candidates within five days after the election of their obligation to file SOCE.

⁹¹ https://lawphil.net/statutes/repacts/ra1991/ra_7166_1991.html

⁹² COMELEC Resolution No. 11104, 'Primer on Vote-Buying, Vote-Selling, and Abuse of State Resources', (2025)

⁹³ https://www.eeas.europa.eu/sites/default/files/2025/documents/EUEOM%20PHIL25%20Final%20Report_0.pdf

COMELEC Resolution No. 11104 (2025) enhances COMELEC 's capacity against vote-buying, vote-selling and abuse of state resources.

Key lessons from the Philippines:

- **Regulatory Flexibility:** COMELEC has the authority to issue supplementary resolutions to strengthen enforcement and close legal gaps. For example, COMELEC Resolution No. 11104 (2025) expanded oversight of vote-buying, vote-selling, and abuse of state resources). This flexibility enables to respond to emerging electoral challenges without waiting for lengthy legislative amendments.
- **Clear Spending Limits:** The law specifies explicit expenditure ceiling for both candidates and political parties, based on the number of registered voters, ensuring transparency, predictability and a standardized approach to campaign financing, even though the actual amounts are increasingly viewed as outdated given the real costs of campaigning.
- **Defined Penalties and Disqualification:** Failure to file Statements of Contributions and Expenditures (SOCs) results in administrative fines, and repeat offenders face perpetual disqualification from holding public office, creating a strong legal deterrent.
- **Digital Transparency Innovations:** Electronic submissions of SOCs and publishing them online, which enhance the transparency, public accessibility and timely scrutiny of campaign finance data.

5.2.3. India

India has one of the largest electoral systems in the world, and its campaign finance framework governed primarily by the Representation of the People Act, 1951, the Conduct of Elections Rules, 1961, the Section 182 of the Companies Act, 2013⁹⁴, and the Foreign Contribution Regulation Act (FCRA) 2010 (earlier 1976) with oversight by the Election Commission of India (ECI). The legal framework covers contributions to candidates and parties, campaign expenditures, disclosure obligations and penalties for violations, both civil and criminal.

The ECI deploys monitoring teams and observers to track campaign expenditures, conduct inspections, and verify compliance. However, enforcement remains challenging due to the prevalence of informal transactions, indirect campaign spending, and the widespread use of political donations through intermediaries, particularly through electoral bonds, which have been criticized for enabling anonymous contributions.

Key Provisions:

Contributions to Candidate and Political Parties:

- **Individuals:** No legal limits on contributions to candidates or political parties.

⁹⁴ <https://taxguru.in/company-law/section-182-companies-act-2013-political-donation-rules-compliances.html>

- Corporate contributions: Companies may donate to political parties under Section 182 of the Companies Act 2013, with ceiling of 7.5% of the company's average net profit over the past three financial year was removed in 2017, meaning there is now no cap on corporate donations.
- Foreign Contributions: Strictly prohibited under the Foreign Contribution Regulation Act, (FCRA), 2010. Non-Resident Indians may contribute under certain conditions, but foreign individuals, companies, or entities cannot donate directly.

Campaign Expenditure:

- Election Commission sets limits under the Representation of the People Act, 1951 based on size state and type of elections. For examples, 2019 Lok Sabha elections, the limit was Rs. 70 lakh for most larger states, and smaller states limit was Rs. 54 lakh⁹⁵.
- Candidates must maintain detailed accounts from nomination to election day and submit them within 30 days after election day.
- Political parties do not face expenditure ceiling but must submit annual report of donations exceeding Rs.20,000, which are scrutinized by the ECI and the Income Tax Department. Donations via electoral bonds are common, although controversial for allowing anonymous contributions.

State Funding and Support:

- No direct state funding of elections.
- However, recognized parties receive free access to electoral rolls, other prescribed materials, and free broadcast time on state TV/radio proportional to past performance.

Civil Penalties:

- Disqualifications apply in cases of serious misconduct, such as bribery or exceeding expenditure limits.
- Candidates failing to lodge their expenditure accounts properly, or exceeding limits may face disqualification for up to six years.

Criminal Penalties:

Several election related offences carry criminal sanctions, including;

- Publishing election materials without printer or publisher details (imprisonment up to 6 months and/or fine up to Rs. 2,000)
- Unauthorized campaign spending by any person (fine up to Rs. 500)
- Failure to maintain election accounts (fine up to Rs. 500)
- Breach of corporate contribution limits (Companies Act, 2013, Section 182) company fined up to 5 times the contribution amount, every officer in default may face imprisonment up to 6 months and/or a fine up to 5 times the contribution).

⁹⁵ <https://www.clearias.com/election-expenditure-in-india/>

- Acceptance or facilitation of foreign contributions (imprisonment up to 5 years, or fine or both)
- Filing false information or concealing data in nomination papers or affidavits (punishable up to 6 months and/or fine)

Overall, India campaign finance framework reflects a mix of statutory provisions and Election Commission guidance, combining expenditure ceiling, disclosure requirements, and both civil and criminal penalties. While comprehensive in design, enforcement remains a challenge, particularly in monitoring actual campaign spending and corporate donations.

Key Lessons from India:

- **Active Oversight by the Election Commission (ECI):** The ECI deploys monitoring teams, flying squads, and observers to track campaign expenditures during elections, ensuring compliance with statutory limits.
- **Expenditure Tracking and Reporting:** Candidates are required to maintain detailed accounts of campaign spending and submit them within 30 days post-election, providing the ECI with a basis for verification.
- **Clear Penalties:** The framework combines disqualification, fines, and imprisonment to deter violations, emphasizing the importance of accountability alongside active monitoring.
- **Transparency Challenges:** The absence of corporate donation caps and the use of electoral bonds highlight the difficulty of ensuring full transparency despite a robust legal framework.

5.2.4. Thailand

Thailand's campaign finance framework is governed primarily by the Organic Act on Political Parties⁹⁶, and regulations administered by the Election Commission of Thailand (ECT). These laws regulate political party financing, membership fees, subsidies, and campaign expenditures. While the framework provides for disclosure, subsidies, and expenditure limits, significant gaps remain in enforcement, coverage, and transparency, particularly outside the official campaign period.

Party Finance Regulation

- **Disclosure of Donations:** Political parties are legally required to disclose donations.
- **State subsidies:** The ECT provides subsidies to parties, partly based on the number of local branches.
- **Membership fees:** Following a 2023 amendment, the minimum annual fees were reduced to 20 baht, while lifetime memberships may be granted for a minimum of 200 baht.
- **Subsidy allocation and reporting requirement:**
 - ✓ New parties can receive ECT funding without detail activity plans
 - ✓ Party financial reports timely reporting

⁹⁶ Organic Act On Political Parties (No. 2) B.E. 2566 (2023), https://www.ect.go.th/web-upload/1xff0d34e409a13ef56eea54c52a291126/m_document/2049/14112/file_download/9c1fe1ad87a05f802e9b8d1b0f7f8caa-copy68.pdf

Campaign Finance Regulation

- Definition of Campaign period: From the promulgation of a royal decree after parliament's dissolution until the announcement of election results.
- Expenditure limits (per candidate/party):
 - ✓ End of House term: Constituency MP – 7 million baht; party list – 163 million baht
 - ✓ Parliament dissolution: Constituency MP- 1.9 million baht; party list – 44 million baht
 - ✓ New election (no candidate elected): Constituency MP – 950,000 baht
 - ✓ Re-election after annulled results: Constituency MP – 1.9 million baht

Reporting Obligations:

All party and candidate income and expenditure must be recorded by the party treasure and submitted to the ECT within 90 days of the election results. The ECT audits through provincial constituency audit centers and is expected to release results within 60 days.

Penalties:

Parties and candidates who violate finance regulation may face fines, imprisonment, and disenfranchisement.

Key Lessons from Thailand:

- Clear ceiling for both parties and candidates: The ECT sets specific, detailed spending limits depending on whether parliament completed term or was dissolved. This provides a structured framework to reduce excessive spending.
- Formal subsidies to parties: Government subsidies, based on membership fees and local party branches, provide parties with predictable resources that can reduce overreliance on large private donations.
- Mandatory record-keeping and reporting: Both parties and candidates must file detailed income and expenditure reports within 90 days after elections, creating a paper trail for accountability.
- Audit mechanism by the ECT: Although capacity is a challenge, the law requires the ECT to audit reports through provincial audit centers and release results within 60 days, ensuring at least a procedural framework for oversight.
- Penalties for violations: Violators of campaign finance rules face sanctions, including fines, imprisonment, and disenfranchisement.
- Membership-based funding: by setting annual and lifetime membership fees, the framework encourages parties to develop grassroots-based financial support, rather than relying solely on elite donors.

The comparative experience of Taiwan, the Philippines, India, and Thailand demonstrate that, despite varying levels of institutional strength and enforcement capacity, certain principles are central to effective campaign finance regulation, clear and enforceable spending limits, transparent disclosure of contributions, active oversight by election management bodies, state supported subsidies to reduce reliance on private money, and credible sanctions for violations. Taiwan exemplifies how institutionalized rules and state subsidies can reduce reliance on private money, the Philippines shows the value of strict reporting and penalties combined with regulatory flexibility and digital innovations, and India illustrates both the strengths of active oversight and the challenges of enforcing rules in a large, complex electoral

system, while Thailand illustrates how structured ceilings and membership-based funding can complement party subsidies.

For Sri Lanka, these lessons underscore that strong legal frameworks alone are not sufficient. It must be matched by practical enforcement mechanisms, independent oversight, and transparent disclosure systems. The next section identifies the key gaps in Sri Lanka's existing framework and outlines reform recommendations informed by these comparative insights.

6. Gaps and Key Reform Recommendations

Sri Lanka's campaign finance framework has taken important steps forward, most notably through the enactment of the Regulation of Election Expenditure Act, No.3 of 2023, which for the first time introduced expenditure limits, prohibited donations from certain sources, and mandatory reporting of election expenses. This marked a historic milestone in Sri Lanka's democratic development, coming after decades of advocacy by civil society, election observers, reform committees, and international partners. Even in the early decades of representative government, Sri Lanka treated campaign finance compliance as a serious legal duty, requiring candidates and their agents to submit detailed returns of election expenses under oath, supported by penalties for "illegal practices."

However, a closer analysis of the Regulation of Election Expenditure Act, 2023 and its implementation during the 2024 Presidential and Parliamentary Elections and the 2025 Local Government Elections reveals serious gaps in scope, enforcement, and institutional capacity. While the Act codifies transparency, accountability, and limits on electoral spending, its effectiveness has been undermined by weak disclosure systems, loopholed in third-party and in-kind spending, limited coverage of parties, vague sanctions, and the insufficient legal authority of the Election Commission of Sri Lanka.

These gaps echo concerns raised in previous reform efforts, including the draft campaign finance model/bills of 2017 and 2019, which offered stronger mechanisms such as mandatory campaign bank accounts and public disclosure of contributions, but which were diluted in the 2022 draft eventually passed in 2023. The lessons are clear such as law alone cannot ensure fair political finance unless supported by comprehensive systems of disclosure, oversight, and enforcement.

6.1. Identified Gaps

Despite the historic milestone achieved through the Act, 2023, several gaps remain in scope, enforcement, and institutional arrangements. These gaps undermine the law's effectiveness in safeguarding electoral integrity and ensuring fair competition. The key areas of concern are outlined below:

Limited Scope of Coverage

- Candidate-focused regulation: Current regulation primarily targets individual candidates, while imposing limited obligations on political parties and independent groups. This leaves significant loopholes for circumvention.
- Unregulated third-party spending: Expenditure by support groups, business, and professional associations, or other third-party actors remain outside the scope of regulation, despite their growing role in shaping campaign dynamics.

Disclosure and Reporting Deficiencies

- Post-election reporting only: Financial returns are submitted after elections, depriving voters of critical information on contributions and expenditures before casting their votes.
- Restricted public access: Returns are difficult to access, and often lack sufficient detail, particularly regarding in-kind contributions such as advertising, gifts or equipment.
- Absence of dedicated campaign accounts: Unlike the 2019 draft law, the 2023 Act does not require campaign -dedicated bank accounts, audited statements, or systematic publication of accounts, weakening financial traceability.

Weak Enforcement and Sanctions

- Limited investigation powers: The Election Commission lacks the authority to independently investigate campaign finance violations, relying on voluntary compliance.
- Minimal Penalties: Existing sanctions for illegal practices are outdated, with fines too low to serve as effective deterrents.
- No electoral consequences: There are no clear provisions empowering the Election Commission to reject nominations or annul results in cases of serious campaign finance violations, limited accountability.

Institutional and Monitoring Gaps

- Lack of investigation authority: The Election Commission does not have adequate legal powers to independently investigate campaign finance irregularities.
- Under-resourced monitoring team: Monitoring units lack sufficient funding, staffing and technical expertise in financial investigation and forensic auditing, constraining effective oversight.
- Absence of electronic reporting systems: No digital mechanism exists to track contributions, detect anomalies, or enable real-time public oversight of campaign finance data.
- Weak inter-agency coordination: Collaboration between the Election Commission of Sri Lanka oversight bodies such as Auditor General Department, the Commission to Investigate Allegations of Bribery or Corruption (CIABOC), and Inland Revenue Department remains limited, undermining efforts to cross-check and verify financial disclosures.

Absence of Comprehensive Limits

- No donation caps: While the Act prohibits donations from certain sources (e.g. government entities, foreign governments), it does not impose overall limits on donations. This allows for disproportionate influence by wealthy individuals and corporate donors.
- Hidden financing unregulated: Debt write-offs, subsidized services, digital campaigning and other forms of indirect support remain outside the scope of regulation.
- Spending limits difficult to enforce: Although expenditure ceiling exist, enforcement remains weak due to prevalence of informal transactions and limited monitoring capacity.

In summary while Sri Lanka's 2023 campaign finance law marked a historic landmark, the persistence of gaps in coverage, disclosure, enforcement, and institutional capacity continues to undermine its effectiveness. Addressing these shortcomings is essential to ensure transparency, accountability, and fair competition. The following recommendations outline priority reforms needed to close these gaps and bring Sri Lanka's campaign finance framework in line with international best practices.

6.2. Key Reform Recommendations

To strengthen Sri Lanka's campaign finance system and align with global and regional practices following reforms are recommended:

Stronger legal provisions

- Extend legal coverage beyond candidates to include political parties, independent groups, and third-party actors.
- Define "campaign expenditure" broadly to cover both financial and in-kind support such as advertising, professional services, online campaigning etc.
- Require political parties to adopt internal compliance mechanisms such as finance committees, designated treasurers etc to ensure accountability.
- Mandate the timely publications of regulations, guidelines, and standardized reporting formats by Election Commission reducing ambiguity in compliance.
- Establish clear rules on the use of state resources and clarify consequences for violations within the legal framework itself.

Comprehensive spending and contributions limits

- Establish clear limits on both donations and expenditures, explicitly covering in-kind contributions such as goods, services, and advertising.
- Eligible donations to either a political party or a candidate should not exceed 5% of the total expenditure ceiling applicable to that party or candidate.
- Require all contributions to flow through political parties or designated campaign bank accounts, with the Election Commission prescribing equitable allocation to candidates.

Adequate disclosure and reporting

- Reinstate 2019 draft provisions requiring campaign-dedicated bank accounts, mandatory audited statements, and full public disclosure of accounts and contributions.
- Introduce pre-election disclosure of contributions, supported by annual reporting of non-election contributions
- Ensure disclosure covers both financial and non-financial (in-kind) contributions.

Independent investigative oversight authority

- Grant Election Commission investigative and enforcement powers, including the authority to reject nominations or annul election results for serious breaches.
- Clear multidisciplinary monitoring teams including representatives from the Auditor General's Department, Inland Revenue, Commission to Investigate Allegations of Bribery or Corruption, and the Attorney General's Department.

Effective sanctions and remedies

- Replace outdated fines with substantial monetary penalties and introduce the possibility of imprisonment for serious offences.
- Clarify enforcement procedures to ensure accountability for candidates, parties and their supporters.

Digital and Transparent Monitoring Systems

- Establish and electronic reporting platforms for real-time submission, cross-verification, and public access to campaign finance data.
- Remove barriers such as inspection fees to facilitate broad transparency.

Oversight of state resources

- Empower Election Commission to prevent misuse of state vehicles, building, media, and personnel during campaigns.
- Mandate Election Commission to publish timely reports on investigation into alleged abuse of state resources.

Together, these reforms provide a comprehensive roadmap for strengthening Sri Lanka's campaign finance system. By closing legal loopholes, ensuring full transparency, empowering oversight institutions, and modernizing monitoring mechanisms, Sri Lanka can move closer to global and regional best practices safeguarding electoral integrity and fostering public trust in the democratic process.

7. Conclusion

In conclusion, the enactment of the Regulation of Election Expenditure Act, 2023 marks a historic milestone in Sri Lanka's electoral reform, establishing a comprehensive legal framework to regulate campaign finance and promote transparency, accountability, and fair competition. However, as the experiences from the 2024 and 2025 elections demonstrate, legal provisions alone are insufficient. Persistent gaps in enforcement, limited institutional capacity, weak verification mechanisms, and political influence continue to undermine the effectiveness of the law. Drawing on international and regional best practices, it is evident that bridging the gap between legislation and practices requires strengthened powers and independence of the Election Commission, real-time monitoring tools, stricter oversight of third-party and digital campaign spending, and robust public disclosure systems. Only through these complementary reforms can Sri Lanka ensure that campaign finance regulation fulfills its democratic purpose curbing the undue influence of money in politics, safeguarding electoral integrity, and guaranteeing that political power reflects the will of the people rather than wealth or privilege.

#####

03/2023

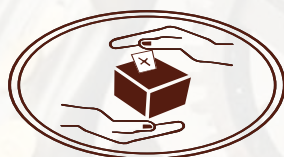
REGULATION OF ELECTION EXPENDITURE ACT

Parliamentary Council

Local
Government

Proportional
Representations

Proportional
Representations



PAFFREL

No.16, Byrde Place, Off Pamankada Rd, Colombo 06, Sri Lanka.

Tel: 0112558570/0112558571

Fax: 0112558572

Web: www.paffrel.lk