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FORTALECEMOS
LAS DEMOCRACIAS
DE AMÉRICA LATINA

STRENGTHENING
DEMOCRACIES
IN LATIN AMERICA

FEBRUARY 2022

Costa Rica

Presidential and legislative elections Postelection Report



Executive Summary

On Sunday, February 6, presidential and legislative elections were held in Costa Rica. Costa Ricans were called to elect the new President and the 57 deputies that make up the Legislative Assembly for the 2022-2026 period. As expected, and with 87.73% of the votes counted, there will be a runoff scheduled for next Sunday, April 3, 2022 to define the new President.

Citizens had to choose from a highly fragmented electoral offer (25 presidential candidates), without strong favorites, and an uncertainty that reached, on average, 30.4% of the electorate. None of the candidates reached the minimum required 40% of votes to win the presidency in the first round. Thus, José María Figueres of the Partido Liberación Nacional (PLN) and Rodrigo Chaves of the Partido Progreso Social Democrático (PSD) will have to compete again for the presidency of the Central American country.

The electoral surprise of the day was given by the figure of Chaves of the PSD, to whom pollsters gave a voting intention of only 6%. However, the definition of the undecided was key to raise a candidate who was not among the three most competitive candidates.

As for the legislative outcome, the Assembly is headed to maintain the current legislative dynamic centered in bargaining, although with a new balance of forces. No political party will reach its own majority, although the first minority will continue to be in the hands of the PLN with 19 seats. New parties such as the PSD and the PNR will also appear in the legislative scene, while the ruling PAC will be left out of the scene without any seats.

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Election day in numbers

87,73%

IS THE PERCENTAGE OF VOTES COUNTED SO FAR.

IS THE PERCENTAGE OF THE ELECTORATE THAT DID NOT TURN OUT TO VOTE,
SETTING A NEW RECORD.

40,26%

27,27%

THE PERCENTAGE OF VOTES OBTAINED BY THE MOST VOTED CANDIDATE, JOSÉ
MARÍA FIGUERES OF THE PARTIDO LIBERACIÓN NACIONAL.

THE PERCENTAGE OF VOTES ACHIEVED BY THE SECOND MOST VOTED CANDIDATE,
RODRIGO CHAVES OF THE PARTIDO PROGRESO SOCIAL DEMOCRÁTICO.

16,72%

40%

THE PERCENTAGE REQUIRED TO WIN IN THE FIRST ROUND. NO CANDIDATE
MANAGED TO REACH THIS PERCENTAGE.

IS THE DATE SCHEDULED FOR THE RUNOFF BETWEEN JOSÉ MARÍA FIGUERES AND
RODRIGO CHAVES.

APRIL
3

6

IS THE NUMBER OF POLITICAL PARTIES THAT WILL BE REPRESENTED IN THE
LEGISLATIVE ASSEMBLY.

Basic questions

What was at stake?

The president, two vice presidents and 57 deputies of the Legislative Assembly were elected for the period 2022-2026. According to the [Political Constitution](#) of Costa Rica, reelection is not allowed in any of the branches of government.

How was the vote cast?

According to the [Constitution](#), suffrage is mandatory, direct and secret. However, in spite of the obligatory nature, it is not usually penalized. All citizens over 18 years of age or naturalized citizens (after 12 months of such act) were able to vote. Voting from abroad was also contemplated.

How were contestants elected?

In order to win the presidency in the first round, the presidential candidate had to obtain more than 40% of the total number of votes validly cast. This did not occur, so the two most voted formulas will have to compete in a second round to be held on April 3.

On the other hand, the deputies were elected according to the number of votes obtained by each party in the 7 provinces of the country. For the distribution of seats, the proportional representation system by electoral quotient and sub-quotient was used.

Who were the candidates?

These elections were characterized for having a historical record of candidates for the presidency: citizens were able to choose among 25 candidates. Until now, the election that had registered the highest number of candidates to the Executive Power was that of 2006. On that occasion there were 14 candidates. [Here](#) you can access to the presidential ballot.

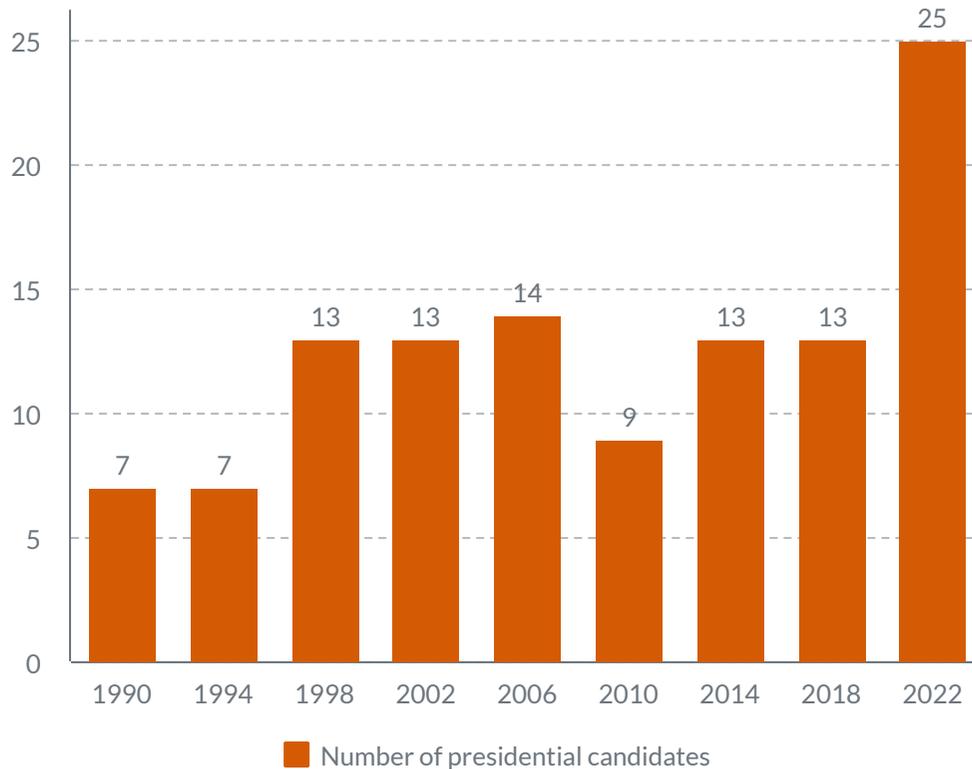
Finally two political parties obtained percentages higher than 15% and were able to meet in a second electoral round. These are the traditional Partido Liberación Nacional (PLN), led by José María Figueres, which obtained 27.27% and the Partido Progreso Social Democrático (PSD) led by Rodrigo Chaves, which obtained 16.72%.

When will the next government take office?

The Legislative Assembly will be installed on May 1, 2022. The President and Vice Presidents, after being elected in the runoff next April 3, will take office on May 8, 2022.

Political Context

The elections stood out for the high number of candidates competing for the presidency. There were 25 qualified candidates, an absolute record in the country, almost doubling the number of the last elections and well above the average of the last 32 years, which was 11.



Source: Own elaboration based on statistics presented by the Supreme Electoral Tribunal (TSE, in Spanish).

In Sunday's elections, no candidate reached the minimum 40% to win the presidency in the first round. In addition, the ruling party was very far from being able to be reelected. In fact, the candidate for the ruling Partido Acción Ciudadana (PAC), Welmer Ramos, only reached 0.66% of votes.

His lack of competitiveness lies in an unpopularity marked by multiple allegations of corruption, an economy that has not fully recovered from COVID-19, marked by high unemployment rates and a structural deficit problem that has forced the government to seek help from international organizations such as the International Monetary Fund (IMF).

Another decisive factor in these elections was the high number of undecided voters, which averaged 30.4%. This meant that the main concerns of Costa Ricans and the current situation was key in defining the last minute vote.

Unemployment remains an outstanding debt

The high unemployment rate in Costa Rica is not new, and a rising trend can be observed since 2008, according to data provided by the International Labor Organization (ILO). Between 2017 and 2020, this rise was accentuated from 8.14% to a peak of 24%, as a consequence of the COVID-19 pandemic. The measures implemented by both Alvarado and his predecessor, who belonged to the same party, were insufficient to solve this problem.

According to the Organization for Economic Cooperation and Development (OECD), unemployment in Costa Rica is the highest among the 36 countries that make up the international organization. Among the reasons attributable to this problem is the structure of the Costa Rican labor market, since 17% of workers work in the service sector, which has been hard hit by the restrictions applied as a result of the pandemic, such as the tourism and gastronomic sector. Another factor is linked to the country's fiscal crisis, aggravated by a decline in the collection of taxes and the demand for higher health expenditures.

Although the last two quarters of 2021 reflect a downward trend in this indicator, reaching 14.4% (equivalent to 351,000 people), the ILO projects an average rate of 17.1% for 2022. With these values in mind, people went to the polling stations questioning the actions taken by the ruling party in the last 8 years to reactivate the labor market.

A ruling class hit by corruption

Since June 2021, a series of corruption scandals have put both businessmen and public officials from all political arcs under the spotlight. Corruption became one of the main concerns of citizens at the end of last year. This had an impact on the image of Alvarado's administration, which currently has a negative rating of 70%.

The most resounding case was the Cochinilla case, which unveiled a corruption network between public officials and some of the country's largest private infrastructure companies, based on bribes in exchange for privileges in bids for road construction and maintenance contracts. The case resulted in the raid of private offices and public entities, including the Presidential House, in addition to 30 arrests.

It is also worth mentioning Operation Diamante, where authorities arrested six mayors for allegedly receiving bribes from construction companies in exchange for favors in the awarding of contracts, advance payment of invoices and early start of works. Of the six mayors, four belong to the Partido Liberación Nacional (PLN), which was the most voted political party this Sunday. This could have been a key factor for the party not to win in first round.

Fiscal deficit and the International Monetary Fund

Since the 2008 financial crisis, Costa Rica has been facing a fiscal deficit problem. To address this issue, during his first year in office in 2018, Carlos Alvarado managed to pass a fiscal reform whose rejection was manifested in historic protests led by labor unions, and which eroded the figure of the president.

Faced with the outbreak of the pandemic, the reform turned out to be insufficient and the government had to seek help from the International Monetary Fund (IMF) in the second half of 2020. After negotiations, the Executive presented a series of reforms, including tax changes. However, the proposal had to be withdrawn after days of protests and blockades by citizens.

After eliminating the most sensitive points that motivated the citizen protests, the Executive Branch reached an agreement at the beginning of 2021. However, as of today, it has not been able to approve all the projects related to the agreement, which are still being discussed in the Legislative Assembly. If this does not happen before May 8, the responsibility to successfully achieve the plan agreed with the IMF will depend on the new President and the composition of the next Assembly.



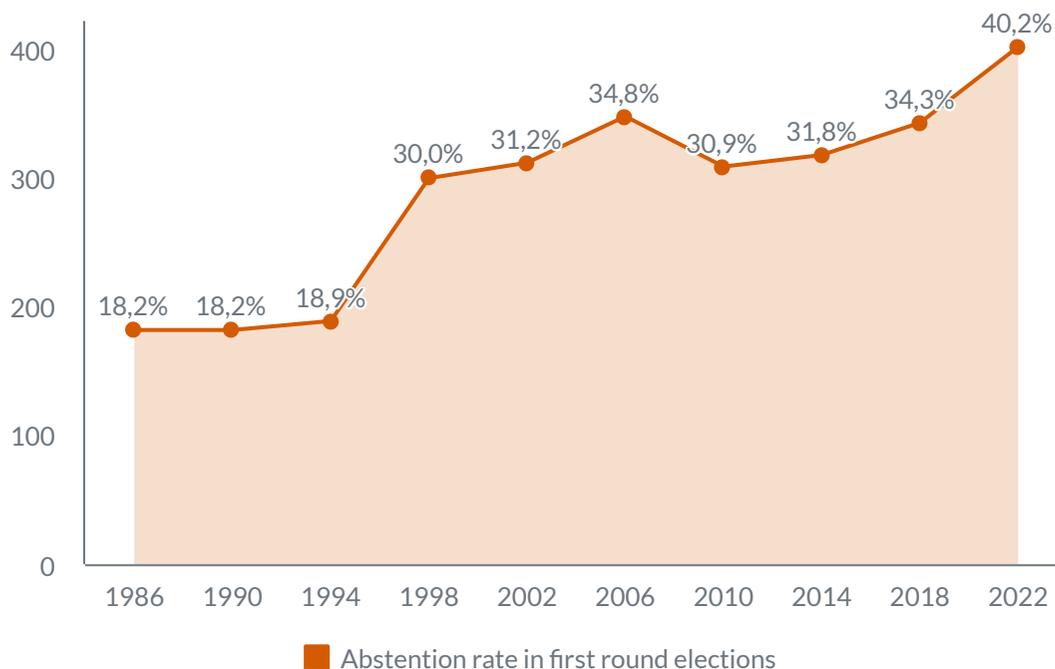
Key takeaways

Record abstentionism

During the first electoral report of Sunday morning, the TSE reported an "extraordinary affluence of voters". However, at the moment and with 87.73% of the tables counted, the electoral entity reports a record number of abstentionism. The fact is that 40.26% of the electorate did not vote. This percentage represents about one and a half million people.

Until now, the record of abstentionism for a first presidential round was set by the 1958 elections, when the percentage reached 35.3% of the citizens. Despite this new figure, the fact is that the data is congruent with the trend observed since 1998, after six presidential elections. Since then and up to the current elections, this percentage has remained above 30%.

This shows the dissatisfaction of citizens with Costa Rican politics since then, crossing not only the traditional political parties, but even the new spaces such as the ruling Partido Acción Ciudadana. The clear lack of favorite candidates during these elections also reflects the difficulties of the current candidates to channel citizens' demands into convincing political proposals.



Source: Own elaboration based on data provided by the Supreme Elections Tribunal (TSE).

Recognition of international observers

In spite of the abstentionism data provided by the TSE, electoral observers present in the country confirm that they have not detected any anomalies during the day, highlighting at the same time the respect and confidence of citizens in the process. The head of the electoral mission of the Organization of American States (OAS) and former vice-president of Panama, Isabel Saint Malo, highlighted that "Costa Rica has a solid democracy in which its citizens trust its electoral system".

Likewise, the US embassy in Costa Rica highlighted the Central American country as an example of "democracy and freedom" and at the same time pointed out the responsibility of the citizens and the dedication of the TSE during the day.

It is worth mentioning that at the moment only the candidate for the Partido Unidad Social Cristiana (PUSC), Lineth Saborío, acknowledged the electoral defeat by affirming that "democracy spoke" and that she respects "the decisions of the majority".

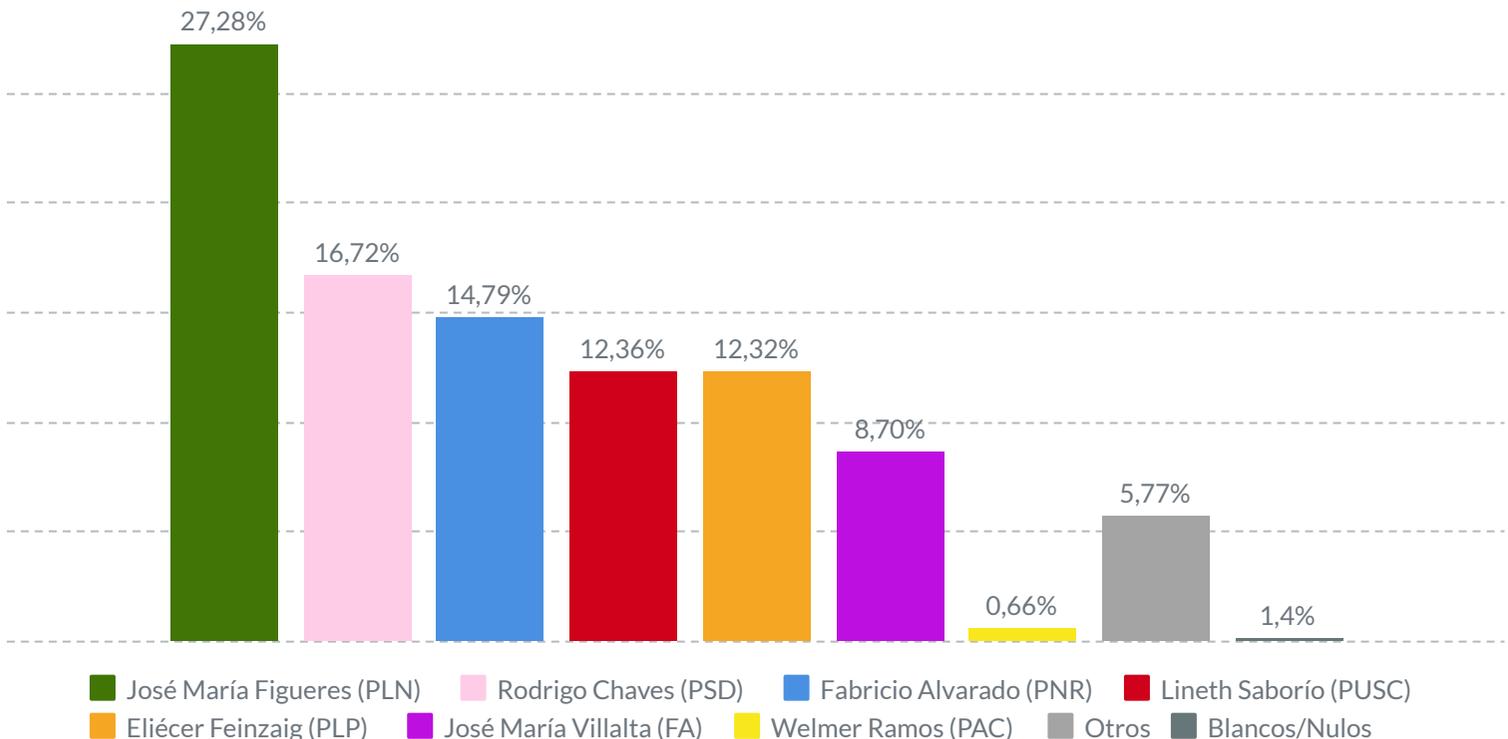


Presidential Elections

Provisional results

With 87.73% of the votes counted, José María Figueres, of the traditional Partido Liberal Nacional (PLN) leads the race with 27.28% of the votes. However, he is far from the 40% needed to win in the first round. Thus, he will have to go to a runoff with the second, Rodrigo Chaves, of the Partido Progreso Social Demócrata (PSD). Chaves' performance is the highlight of the day, having been the main beneficiary of the undecided vote. Before the elections, he averaged 6% of voting intentions, while yesterday he managed to win 16.72%. This allowed him to move from fourth to second place and thus earn his right to contest the presidency on April 3.

In third place was the ultra-conservative candidate, Fabricio Alvarado of the PNR. Then comes Lineth Saborío of the PUSC, who was the main disappointment of the elections. Before Sunday, the candidate of the ally of the current ruling party aspired to enter the runoff, but finally she is battling to keep the fourth place with Eliécer Feinzaig of the Partido Liberal Progresista (PLP). Finally, the PAC, the governing party of the outgoing president, managed to capture 0.66% of the votes, even below the meager intention of votes that pollsters attributed to it before the elections.



Fuente: Own elaboration based on 87.73% of the votes counted according to information provided by the TSE.

Main candidates for the runoff

José María Figueres | Partido Liberación Nacional (PLN)

He was president of Costa Rica from 1994 to 1998. He was also Minister of Foreign Trade (1986-1988) and Minister of Agriculture and Livestock (1989-1990) during the presidency of Óscar Arias Sánchez (1986-1990). He is the son of three-time president, José Figueres Ferrer. He will seek to allow the historic and traditional PLN to regain power in the country after 8 years outside the leadership of the national Executive.

Regarding his professional background, he is an industrial engineer from the West Point Military Academy and has a Master's Degree in Public Administration from Harvard University. He has also worked as a politician and international consultant, and has participated in several international forums on issues such as technology and environment.



Government plan

Within its [Government Plan](#) called "La Vía Costarricense al Bien vivir" (The Costa Rican Way to Good Living) the following proposals stand out:

- Continue to expand the use and coverage of electronic means of payment, regulate the fintech industry and cryptoassets, as well as eliminate distortions in the operation of the financial intermediation system.
- His candidate for vice-president, Álvaro Ramírez, proposed to review the impact of the [Usury Law](#) and create alternatives "so that people who were left without credit have viable options".
- In environmental matters, he proposes the enactment of a Water Framework Law and the redefinition of the economic system for a regenerative one, eliminating the principle of waste. He will also seek to promote a waste management plan.
- Promote an integrated National Health System by simplifying procedures such as the registration of medicines and products of health interest.
- Reactivate the National Cancer Council and implement a national early detection program for those with the highest mortality rates. He also proposes to promote telehealth.
- Promote the orange economy by giving tax benefits to private companies that invest in cultural projects.

Rodrigo Chaves | Progreso Social Democrático (PSD)

He is 60 years old. He has a Bachelor's degree in Economics, in addition to a PhD in the same discipline obtained from Ohio State University. He has extensive work experience at the World Bank where he was country director for Indonesia between 2013 and 2019.

In Costa Rica, he served as Minister of Treasury between December 2019 and May 2020 under the presidential administration of Carlos Alvarado Quesada. His removal from the post was due to disagreements with the president regarding the application of austere fiscal rules for municipalities.

He reaches the runoff for the PSD, founded by himself in 2018. This space is recognized as social democratic.



Government Plan

In his [Government Plan](#) called "Con valentía para el progreso de Costa Rica" (Courage for Costa Rica's progress), he proposes:

- Create the Commercial and Financial Transactions System (SINTRA in Spanish), integrated to SINPE, which will allow the tracking of any person's income.
- Promote the total bancarization of Costa Ricans so that every citizen over 12 years old will have a bank account.
- Promote financial education in schools.
- Work to reduce the price of the basic food basket. This will eliminate tariffs on medicines and industrial raw materials.
- Promote the measurement of emissions and CO2 capture in all organizations with more than 100 employees. The use of green bonds will also be promoted.
- Promote the digitalization of all procedures before the Ministry of Health. The positive silence mechanism will also be applied.
- Promote telemedicine and teleconsultation.
- It will eliminate tax exemptions that benefit the most wealthy. It will also seek to reduce interest on the public debt.

Legislative Elections

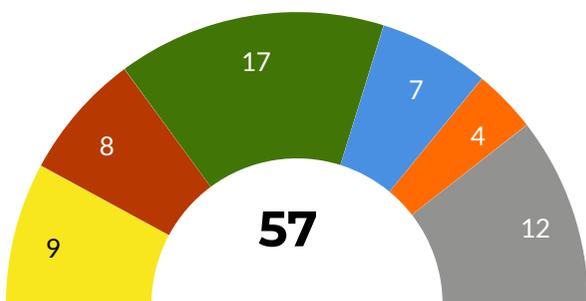
How will the Assembly be composed?

At the moment the TSE has counted 70.05% of the votes for the Legislative Assembly. It is important to remember that the mechanism for the distribution of seats is given through the votes obtained in each province and through the application of a mathematical formula. Since not all votes have been counted yet, estimates of the new Legislative Branch are still subject to possible minor changes.

However, with the most accurate projections possible at the moment, the panorama will be as follows. In the first place, the Assembly will continue to be fragmented, this time in six political spaces. None of them will have its own majority, being the PLN the one that will have the first minority with 19 seats, two more than the ones it currently holds. The most important change will be that Rodrigo Chaves' party, the PSD, will enter with its own bench of 9 legislators.

On the other hand, and despite what happened at the executive level, the PUSC had a good legislative election and will increase its political representation to 10 seats. The same will happen with Fabricio Alvarado's party, the PNR, which will enter the Legislative branch with 7 seats. Likewise, the governing party of the current president, the PAC, lost all of its deputies and did not obtain any new deputies. In conclusion, the new Assembly will continue to be a space for permanent dialogue and negotiation, whether Figueres or Chaves wins in the second round.

2018-2022



Ruling party (17)

- PARTIDO ACCIÓN CIUDADANA
- PARTIDO UNIDAD SOCIAL CRISTIANA

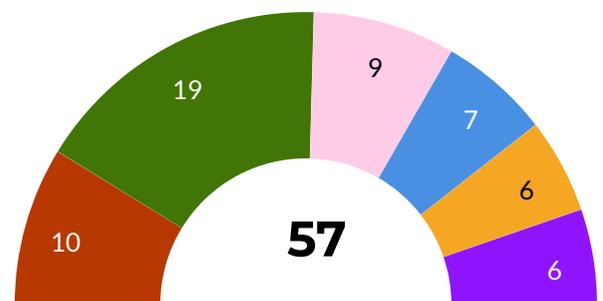
Opposition (28)

- PARTIDO LIBERACIÓN NACIONAL
- RESTAURACIÓN NACIONAL
- OTROS

Independents (12)

- INDEPENDIENTES

2022-2026



Ruling party (10)

- PARTIDO UNIDAD SOCIAL CRISTIANA

Opposition (47)

- PARTIDO LIBERACIÓN NACIONAL
- PARTIDO PROGRESO SOCIAL DEMOCRÁTICO
- PARTIDO NUEVA REPÚBLICA
- PARTIDO LIBERAL PROGRESISTA
- FRENTE AMPLIO

Conclusions

The country arrived to Sunday's elections in a climate of uncertainty for its results. This panorama was due to the failure of the PAC's administration in the last eight years, and of Carlos Alvarado in particular the last four. Society as a whole has questioned his inability to deal with unemployment, structural deficit, economic stagnation and public corruption. Also, his fiscal measures and the agreement with the IMF have been questioned, all of which have conspired against his electoral chances.

Within this framework, citizens attended the polling centers in peace. The low turnout, which reached its lowest historical level, was also a highlight of the day. Thus, the results of the day ended up consecrating former president José María Figueres of the Partido Liberación Nacional as the winner of the event, obtaining 27.28% of the votes. Far from the 40% needed to win the presidency, he will have to compete against Rodrigo Chaves in a runoff election.

In this sense, the most resounding news of the day was the second place of this candidate, who through the PSD managed to reach 16.72% of the votes. The key was the capacity of Alvarado's former Minister of Treasury to capture the undecided votes, since before the elections he was only around 6%.

On the other hand, there were two big losers. In the first place, the ruling PAC, which only obtained 0.66% of the votes and no legislative seats. The second was its legislative ally, the Partido Unidad Social Cristiana (PUSC), led by former vice-president Lineth Saborío, which finally did not make it to the runoff. This party will be able to celebrate that at least at the legislative level it was able to improve the number of seats, reaching 10.

In addition, the Legislative Assembly that will accompany the Executive for the next 4 years has been defined. The note will be that the fragmentation and need for inter-party dialogue will be maintained so that the future Executive can promote its government agenda.

In conclusion, the two most voted candidates, José María Figueres (PLN) and Rodrigo Chaves (PPSD) will start a new presidential race for the April 3 runoff. In this second round, they will seek to convince the electorate to lead the country until 2026 with the objective of overcoming the problems that afflict the country and to generate again political enthusiasm among the national citizenship.



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