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STRENGTHENING
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IN LATIN AMERICA

FEBRUARY 2022

Costa Rica

Presidential and legislative elections Pre-election Report



Executive Summary

Next Sunday, February 6, presidential and legislative elections will be held in Costa Rica. At stake are the new President and the 57 deputies of the Legislative Assembly for the period 2022-2026.

According to the country's [Constitution](#), neither the incumbent president, Carlos Alvarado Quesada, nor current members of congress can be reelected.

The elections will be marked by three key factors. First, the ruling party is severely weakened with a candidate commanding less than 1% backing according to latest polls. This is in line with incumbent President Alvarado's approval ratings which, as stated in this [report](#), dropped to its lowest ever level in December 2021. In turn this lack of support reflects the perceived inability of the current administration to tackle issues such as the high unemployment, recent corruption scandals, and the country's economic woes.

Second, amid a highly fragmented electoral offer (there will be 25 presidential candidates), none of the three leading candidates is predicted to win outright, making a second round runoff likely. The third and last factor defining the ballot is the high number of undecided voters, which averages 30.4% of the electorate. This, added to the fragmented electoral context, could potentially generate surprise results.

Although marked by uncertainty, the elections have three clear frontrunners, each a household name in Costa Rican politics. Current polls place former president José María Figueres, of the Partido Liberación Nacional, as the favorite, followed by former vice-president Lineth Saborío of the Partido Unidad Social Cristiana party. Finally, in third place is currently former congressman and 2018 presidential candidate Fabricio Alvarado, of the conservative Partido Nueva República.

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PRESIDENTIAL ELECTIONS

The election in numbers

3.542.836

THIS WILL BE THE NUMBER OF CITIZENS WHO WILL BE ABLE TO VOTE. THE PROVINCE OF SAN JOSÉ IS THE MOST IMPORTANT DISTRICT WITH 1,158,110 VOTERS.

THE PERCENTAGE REQUIRED TO WIN IN THE FIRST ROUND. OTHERWISE, THERE WILL BE A SECOND ROUND ON APRIL 3 BETWEEN THE TWO CANDIDATES WITH THE HIGHEST NUMBER OF VOTES IN THE 1ST.

40%

25

THE RECORD-HIGH NUMBER OF CANDIDATES RUNNING FOR PRESIDENT.

THE AVERAGE VOTING INTENTION FOR JOSÉ MARÍA FIGUERES OF THE TRADITIONAL PARTIDO LIBERACIÓN NACIONAL, WHO LEADS THE POLLS.

18,6%

0,9%

THE SUPPORT IN POLLS FOR WELMER RAMOS, THE RULING PARTY CANDIDATE BACKED BY THE CURRENT PRESIDENT.

PERCENTAGE OF UNDECIDED PEOPLE ACCORDING TO THE LATEST POLLS. SUNDAY'S RESULTS WILL GREATLY DEPEND ON HOW THEY VOTE.

30,4%

57

THE TOTAL NUMBER OF ASSEMBLY SEATS UP FOR RENEWAL. NO PARTY WOULD HAVE A MAJORITY OF ITS OWN FOR THE NEXT TERM.

Basic questions

What is at stake?

The president, two vice presidents and 57 deputies of the Legislative Assembly will be 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 is the vote cast?

According to the [Supreme Law](#), 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 may vote after 12 months of such act. Voting from abroad is also contemplated.

How are contestants elected?

In order to win the presidency in the first round, the presidential candidate must obtain more than 40% of the total number of votes validly cast. Otherwise, the two most voted formulas will have to compete in a second round to be held next April 3.

On the other hand, deputies will be 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 will be used.

Who are the candidates?

These elections are characterized for having a historical record of candidates for the presidency: citizens will be 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.

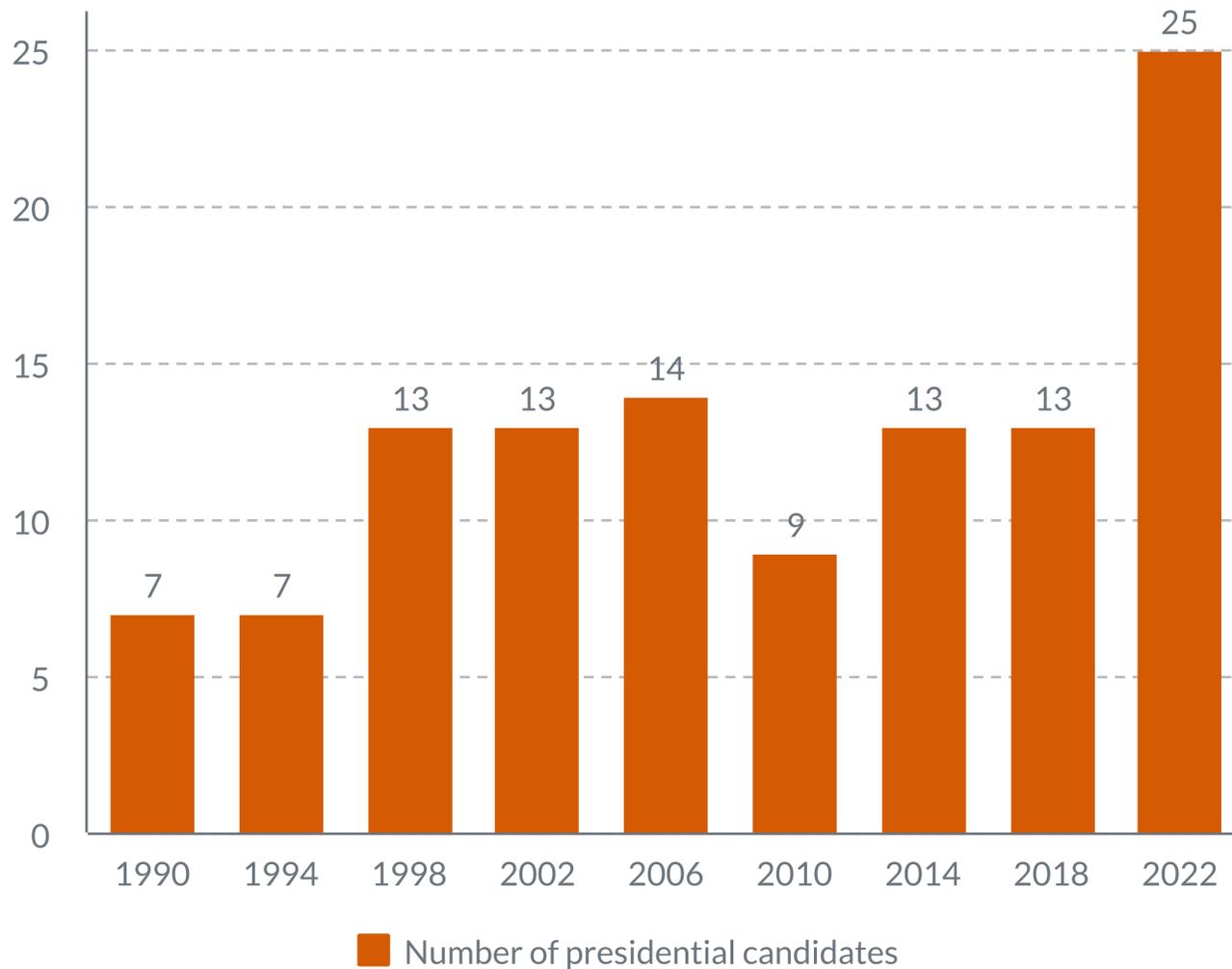
In spite of the high number of candidates, only three of them have more than 15% in voting intentions. And therefore, they are the three with the best chances of winning. In first place, José María Figueres (Partido Liberación Nacional) and in second place Lineth Saborío (Partido Unidad Social Cristiana). Both represent traditional and historical parties of the country. In third place is Fabricio Alvarado (Partido Nueva República).

When will the next government take office?

The Legislative Assembly will be installed on May 1, 2022. The President and Vice Presidents will take office seven days later, on May 8, 2022.

Political Context

The elections will stand out for the high number of candidates competing for the presidency. There will be 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).

They will also stand out for the inexistence of strong favorites, and a ruling party that is very far from being able to be reelected. In this sense, the candidate for the ruling Partido Acción Ciudadana (PAC), Welmer Ramos, barely reaches 0.9% in voting intentions.

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 will be the high number of undecided voters, which currently averages 30.4%. This means that the main concerns of Costa Ricans and the current situation will be 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 will go 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 is currently leading in the presidential polls. This could be a key factor for Sunday's result.

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.

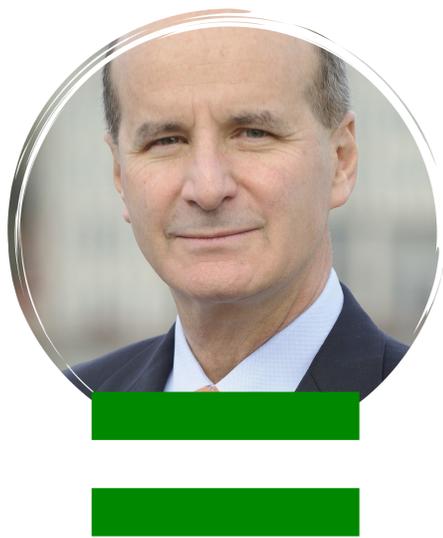
Faced with the outbreak of the pandemic, the reform turned out to be insufficient and the government had to seek help from the International Monetary Fund (IMF) in the second half of 2020. After negotiations, the Executive presented a series of reforms, including tax changes. However, the proposal had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

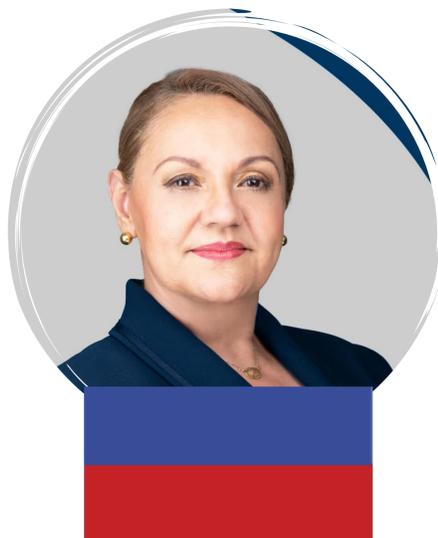


Presidential elections

In a context marked by a weakened ruling party, more than twenty presidential candidates, a high percentage of undecided voters, and without a clear frontrunner, only three candidates exceed 15% of the votes:



José María Figueres
**Partido Liberación
Nacional**



Lineth Saborío
**Partido Unidad
Social Cristiana**



Fabricio Alvarado
**Partido Nueva
República**

Likewise, none of them would reach 40% of the votes needed to win in the first round. Furthermore, the percentage differences among the three is very low, so the definition of the undecided will be key to determine who will compete in the eventual run-off election, scheduled for next Sunday, April 3.

Among the candidates who reach, at least, 1% of voting intention are: José María Villalta (Frente Amplio), Rodrigo Chaves (Partido Progreso Social Democrático), Eliecer Feinzaig (Partido Liberal Progresista) and Rolando Araya (Partido Costa Rica Justa). On the other hand, the pro-government candidate promoted by the current president, Welmer Ramos (Partido Acción Ciudadana), barely reaches 0.9%. The rest of the 17 candidates can be found at the following [link](#).

Main candidates

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

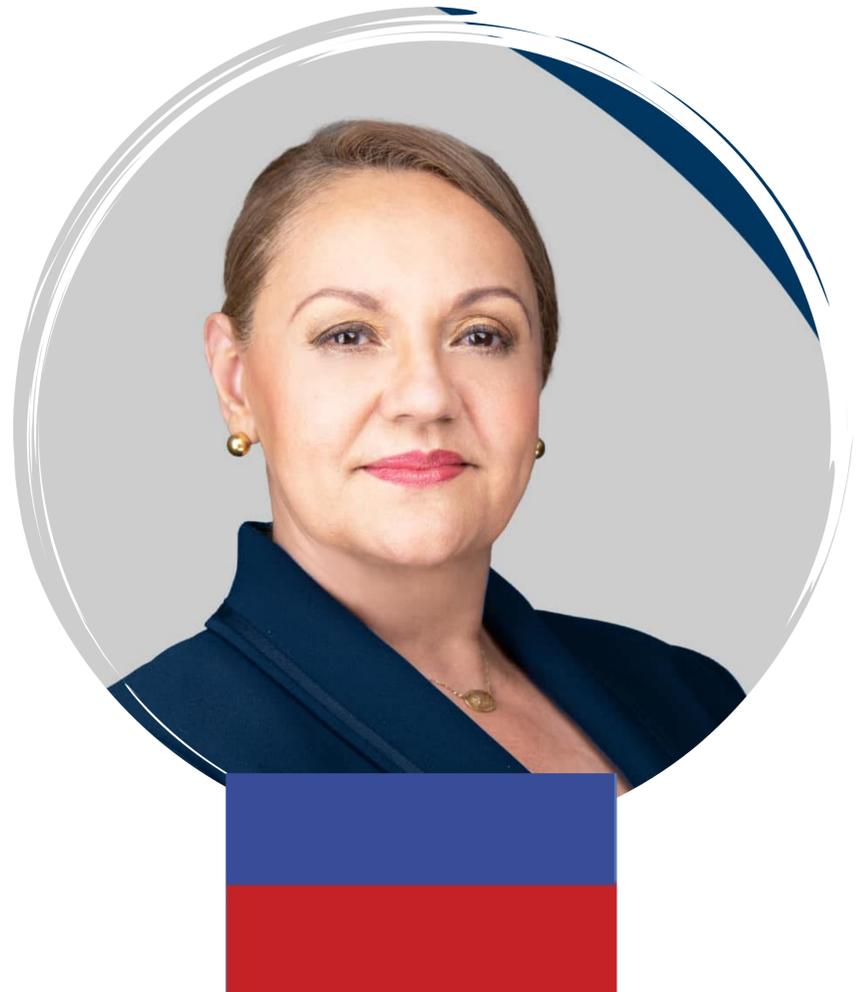
Within its [Government Plan](#) called "La Vía Costarricense al Bienvivir" (The Costa Rican Way to Good Living) the following proposals stand out:

- 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.

Lineth Saborío | Partido Unidad Social Cristiana (PUSC)

The candidate served as the First Vice President of the Republic during the administration of Abel Pacheco de la Espriella (2002-2006). During that period, she was also Minister of the Presidency and Minister of National Planning and Economic Policy. She represents another of the traditional political parties of Costa Rica in these elections.

Regarding her professional career, Saborío has a law degree from the University of Costa Rica. She has a master's degree in Criminal Legal Security from the University of Barcelona and a master's degree in Criminology with emphasis in Human Security from the University of International Cooperation. After serving as vice president, she worked as a consultant and university lecturer.



Government plan

She presented her [Government Plan](#) "La Ruta de la Activación" (The Route of Activation). There she proposes:

- Promote financial education to counteract the effects caused by the Usury Law. It considers that this law "wrongly establishes cause and effect relationships when it seeks to control the effects of high interest rates on credit cards in the most vulnerable sectors".
- Gradually reduce corporate income tax rates as circumstances and production growth improve. It also proposes not to increase taxes.
- Work nationwide on the implementation of the [Law to Combat Plastic Pollution](#).
- Encourage the responsible handling of packaging by retailers and distributors.
- Focus efforts on strengthening the First Level of Care, for example by expanding the use of medicines according to the health profile.
- Promote innovation and creative industries (orange economy) to develop economic value and employment based on "cultural industries". Thus, it will seek to create a special regime for the formalization of enterprises in the cultural sector with more accessible requirements.

Fabricio Alvarado | Partido Nueva República (PNR)

He was a national congressman for the district of San José for the 2014-2018 period through the conservative Partido Restauración Nacional. In 2017 he was candidate for the presidency of Costa Rica for the same political party and disputed the second electoral round against the current president. He is the founder of the Partido Nueva República (PNR), a conservative party. He represents the option for a new policy different from the one proposed by the country's traditional parties.

In relation to her academic career, he studied Collective Communication Sciences at the University of Costa Rica. He had a long career as a journalist that began in 1998. Of evangelical Christian faith, his opposition to same-sex marriage in 2018 was the platform that launched his political popularity and made him the most voted candidate in the first round.



Government plan

Within his [Government Plan](#) called "Plan Esperanza para la Nueva República del Siglo XXI" (Hope for the New Republic of the 21st Century Plan), a series of proposals stand out, such as the following:

- Grant fintech companies full access to use the Central Bank's electronic payment system (SINPE) through a regulation that also reduces bank intermediation costs.
- Develop a financial literacy program to improve knowledge about money management, credit and debit cards, and savings.
- Promote a "regional working group to combat organized crime", focused on cybercrime and transnational digital crimes.
- To reduce, on a transitory basis, the value added tax to 9% to promote consumption and economic reactivation.
- Promote a policy of gradual reduction in the use of plastics and implement a mandatory recycling policy for the public and private sector.
- Strengthen the first and second levels of care to improve the timely diagnosis of oncological diseases.
- Encourage the creation of cultural and artistic clusters in the country, in areas such as advertising, digital animation and film production. It also proposes the creation of cultural free zones to attract foreign direct investment.

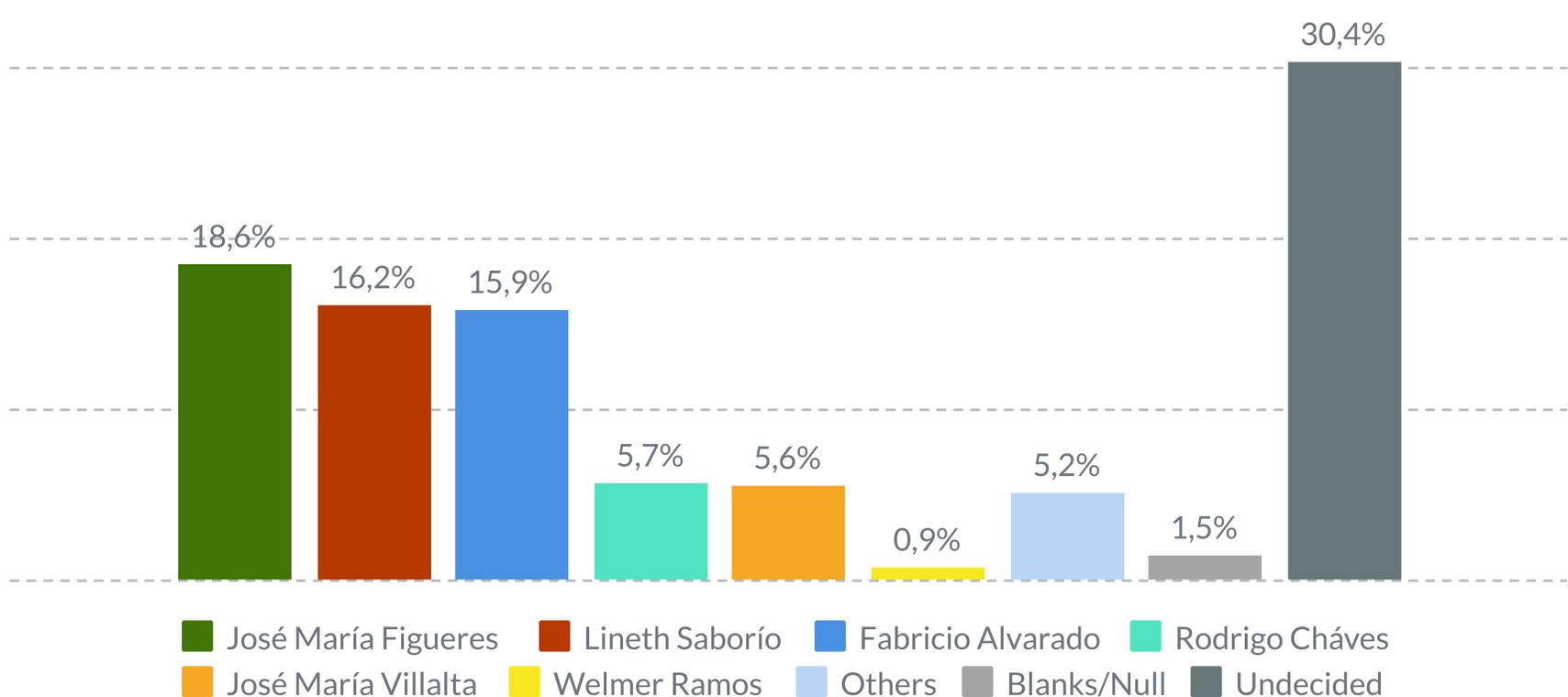
Projections

According to Article 138 of the [Electoral Code](#), the publication of polls related to the electoral process is prohibited during the three days immediately prior to the elections and on the day of the election itself. Furthermore, until that moment, only those agencies authorized by the Supreme Electoral Tribunal (TSE in Spanish) may publish opinion polls.

Based on the latest polls available, José María Figueres of the PLN leads the voting intention with 18.6% of the votes. However, Lineth Saborío of the PUSC is very close. If such trend is maintained, citizens should choose in a runoff election between these two historical traditional parties of Costa Rica. However, Fabricio Alvarado of the Partido Nueva República is in a virtual technical tie with Saborío and is also very close to Figueres.

Thus, Sunday's elections will be defined by the undecided, who on average represent 30.4% of the electorate. Their behavior will be key, since they will be able to validate the victory of any of the three leading candidates or even allow the rise of some other unexpected candidate, as happened recently in Peru with its current president, Pedro Castillo.

Latest polls January 2022



Source: Own elaboration based on multiple polls conducted by local consulting firms in January 2022.

Legislative Elections

The entire Legislative Assembly, composed of 57 deputies, will also be renewed. Each province of the country will have a pre-established number of seats to be distributed. According to [Article 201](#) of the Electoral Code, such seats will be distributed by means of the proportional system.

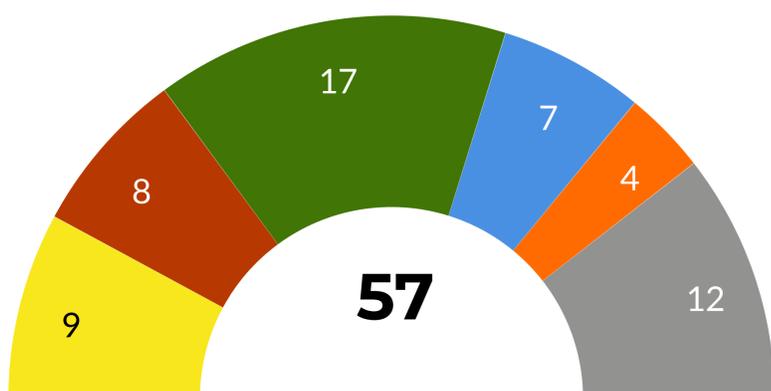
How will the Assembly be composed after Sunday?

The ruling Partido Acción Ciudadana (PAC), together with its allies, currently has 18 seats, 11 behind its own majority. In the opposition, the largest party, the Partido Liberación Nacional (PLN) has 17 seats, also far from its own majority. Thus, the legislative dynamics of the last four years was marked by the debate and political negotiation between the parties, where the independent spaces played a fundamental role in tipping the balance.

Considering the available numbers, everything seems to indicate that the future Assembly will have a similar level of fragmentation to the current one, although there will be some important changes. The PLN, leader in the polls, would manage to maintain its first minority of 17 seats and, if it manages to capture part of the undecided, it could aspire to even surpass that number. On the other hand, the current ruling PAC would not obtain any seats, while the PUSC would grow to 10.

Also, Fabricio Alvarado's space has a chance to grow, obtaining 10 seats. Then, other minor spaces such as the PPSD and the FA would appear. Once again, the behavior of the undecided will be key to tip the final balance of power relations in the new Assembly. What seems to be a certainty is that, whoever triumphs, negotiation and legislative dialogue will have to prevail.

2018-2022



Ruling Party (17)

Opposition (28)

 PARTIDO ACCIÓN CIUDADANA

 PARTIDO LIBERACIÓN NACIONAL

 PARTIDO UNIDAD SOCIAL CRISTIANA

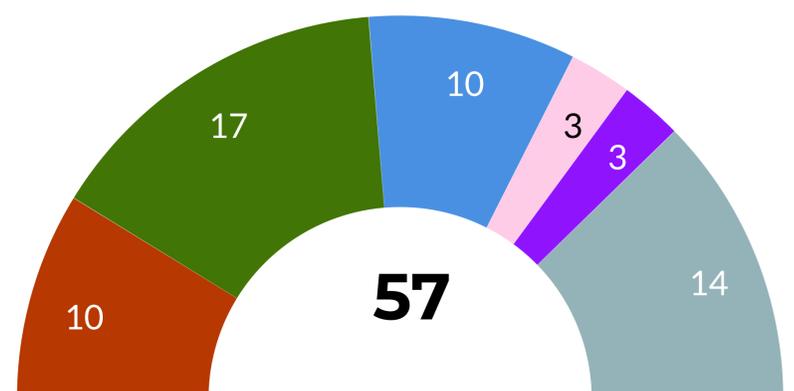
 RESTAURACIÓN NACIONAL

Independents (12)

 OTHERS

 Independents

2022-2026



Ruling Party (10)

Opposition (33)

 PARTIDO UNIDAD SOCIAL CRISTIANA

 PARTIDO LIBERACIÓN NACIONAL

 PARTIDO NUEVA REPÚBLICA

Not assigned (14)

 PARTIDO PROGRESO SOCIAL DEMOCRÁTICO

 UNASSIGNED SEATS

 FRENTE AMPLIO

Conclusions

The country approaches Sunday's elections in a climate of uncertainty. This panorama is the result of the perceived failure of the PAC's administration during the last eight years, and of Carlos Alvarado in particular during the last four years. Society as a whole has questioned his administration for his inability to deal with unemployment, structural deficit, economic stagnation and public corruption. Likewise, his fiscal measures and the agreement with the IMF have been questioned, all of which have conspired against his electoral chances. Thus, the PAC candidate, Welmer Ramos, arrives with very low chances of winning, as his voting intention averages 0.9%.

However, this discontent has not been clearly capitalized by any specific space. On the other hand, the most outstanding feature of the election is that there will be 25 presidential candidates, a record in the country, although only three of them exceed 10% of the voting intention. Two of them represent historical parties of the country: José María Figueres of the Partido Liberación Nacional (PLN) and Lineth Saborío of the Partido Unidad Social Cristiana (PUSC). In third place, very close, is the ultra-conservative candidate, Fabricio Alvarado of the recently created Partido Nueva República (PNR).

Sunday's result will depend to a great extent on the last minute decisions of the 30.4% of undecided voters. With this in mind, everything seems to indicate that the only moderately certainty for Sunday will be that none of the candidates will reach the minimum required 40% to win the presidency in the first round. Thus, an eventual runoff on April 3 will have to be held between the two most voted options on February 6.

Also, the Legislative Assembly for the period 2022-2026 will be defined at this stage. Here, forecasting is even more complex since there is no data on sub-national preferences and seats are allocated by province. However, everything seems to indicate that, unless the undecided vote massively for a space, the future Legislative Branch will continue to be fragmented and whoever becomes President will be forced to promote negotiations with other parties to unblock his government priorities.

In conclusion, at the moment the traditional parties of Costa Rica are positioned as the favorites to dispute in a second round of elections. However, these elections are open ended and the circumstances do not allow to discard electoral surprises.



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