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Populist right candidate Alvaro Noboa defied all expectations after claiming first spot in the 15 October presidential first round with a margin of difference of over 4 percentage points over radical nationalist candidate Rafael Correa according to the official quick count. Noboa, who we indicated would be a competitive candidate earlier last week, has turned the tables and is the early favorite heading into a tight second round run-off on 26 November. We have revised his chances of victory upwards from 35% to 55%.

Ecuador's new presidential frontrunner, Alvaro Noboa, will start out the second round campaign on a solid footing that should buttress his chances of securing the presidency on 26 November. Noboa obtained 26.7% of the vote, according to the official quick count, followed by Correa with 22.5% of the vote and former president Lucio Gutierrez's brother Gilmar with 16.4%. Center-left candidate Leon Roldos finished a disappointing fourth with 15.5%, followed by center-right candidate Cynthia Viteri in fifth with 9.9%. The Electoral Supreme Court's preliminary vote tallies have closely matched the results from the quick count so far, with over 70% of the vote counted, and we expect no surprises. The abstention rate was estimated at 29.4%, while the null and blank vote was estimated to fall to 16%, in line with expectations. Noboa's prolific political career, working understanding with the center and populist right, and overall commitment to honor debt obligations and promote free trade and domestic and foreign investment in key strategic sectors should help secure minimum conditions for governance and soothe investor concerns.

Noboa is the early favorite heading into a second round run-off on 26 November after staging a dramatic resurgence that began over two weeks ago. Noboa will continue to benefit from a simple, easily understood message that favors jobs, housing and economic stability over political and constitutional reform and heightens voter fears of a radical Correa government. Noboa's platform and message have been particularly appealing to the poorer and less educated voter. Noboa is strongly positioned to consolidate his support in Ecuador's populated coastal regions, where he got over twice as many votes as Correa and is likely to attract Viteri's voters. He will also be able to make further inroads into the Amazon region, where fellow populist right candidate and erstwhile ally Gilmar Gutierrez performed more strongly than expected. Both Viteri's Christian Social Party (PSC) and Gutierrez's Patriotic Society Party (PSP) will likely lend their endorsement to Noboa in a second round and use their electoral bailiwicks to mobilize support. Noboa will on the other hand struggle to make major inroads into the highland provinces, where he finished a distant third with just over 15% of the vote. Center-left candidate Leon Roldos, who performed strongly in the highlands, has so far refused to endorse either candidate in a second round. Noboa will nevertheless remain vulnerable in a campaign where he will be portrayed as a symbol of Ecuador's political and economic oligarchy by an appealing outsider.

Correa on the other hand will start from a position of weakness after scaring off some of his middle-class following with an increasingly radical and aggressive rhetoric that culminated late last week with a proposal to set up citizen paramilitary squads to oversee his project. His failure to finish first following his assurances that he would win outright in a first round with over 40% of the valid vote has dealt his campaign a huge psychological blow from which Correa may not easily recover. Correa's decision not to present any candidates to congress is also likely to cost him dearly in a second round where provincial deputies will serve as effective middlemen between the candidate and voters, particularly in the rural regions. Correa has started his campaign on an uneven keel by accusing the Electoral Supreme Court (TSE) and the OAS of conducting and overseeing a fraudulent election, accusations which are likely to cause him to lose further traction as the campaign for the second round gets underway and he is portrayed as a "sore loser". Over 75% of

voters described the TSE's oversight job as good or very good and do not share Correa's appreciation.