

WGEPPP Flash Meeting Summary

Use of Multidimensional Poverty Measures in Auditing

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1. Summary of the Presentation

Part 1 – Foundations of Multidimensional Poverty

The conceptual basis for understanding poverty as a multidimensional phenomenon comes from the idea that deprivation affects people in several essential areas of life.

Nobel Laureate Amartya Sen’s capability approach emphasizes that human well-being depends on multiple essential functionings — such as health, nutrition, education, mobility, and adequate living standards — and that deprivation can occur simultaneously in several of these areas.

The Multidimensional Poverty Index (MPI) is a counting-based measure that captures the incidence (how many people are poor), intensity (how many deprivations they experience), and composition (which deprivations affect them).

The MPI is built from four components: dimensions, indicators, weights, and cut-offs. The Global MPI is internationally comparable, while National MPIs are tailored to the specific policy context of each country. These national indices are widely used to support policymaking, including targeting resources, coordinating across sectors, reporting on SDG 1.2.2, and allocating public expenditures.

Part 2 – How Supreme Audit Institutions Can Use MPI

Supreme Audit Institutions (SAIs) can use the MPI as an external outcome measure to evaluate the effectiveness and efficiency of public policies, consistent with INTOSAI P-12 principles.

MPI allows auditors to assess whether government programmes genuinely reduce deprivations, particularly in essential services such as health, education, water, sanitation, and housing.

Effectiveness audits can use MPI to analyse the causes of persistent deprivations, evaluate whether policies are well targeted to poor regions or groups, and monitor progress toward SDG-1. Efficiency audits can investigate whether public expenditure is producing proportional improvements in multidimensional poverty.

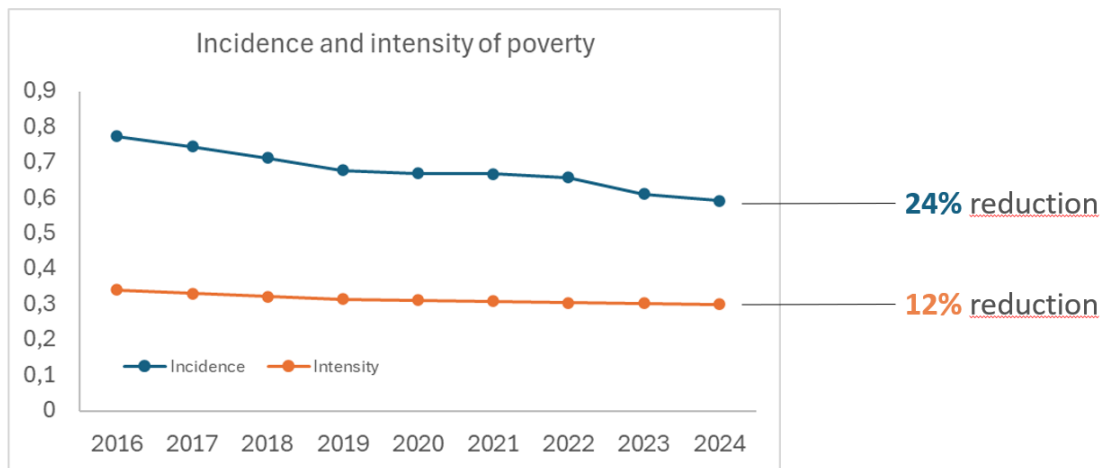
Examples from SAIs around the world — including Costa Rica, Colombia, Indonesia, Uganda, Maldives, India, and Brazil — illustrate how MPI can reveal gaps in service delivery, weaknesses in programme design, and inequities in policy targeting. SAIs in countries without a national MPI can rely on the Global MPI or develop an MPI specifically for auditing purposes.

Part 3 – SAI Brazil Case Study

Because Brazil does not have an official national MPI, SAI Brazil developed an MPI specifically for auditing, using administrative data from the national social registry

(CadÚnico). This provided detailed information for over 90 million low-income individuals and allowed integration with other databases, such as those on school quality.

Brazil's auditing MPI includes five dimensions and 19 indicators, covering health, education, living standards, vulnerabilities, and work. Analysis of data from 2016–2024 shows decreasing incidence and intensity of multidimensional poverty, with more pronounced improvements among the most deprived households.



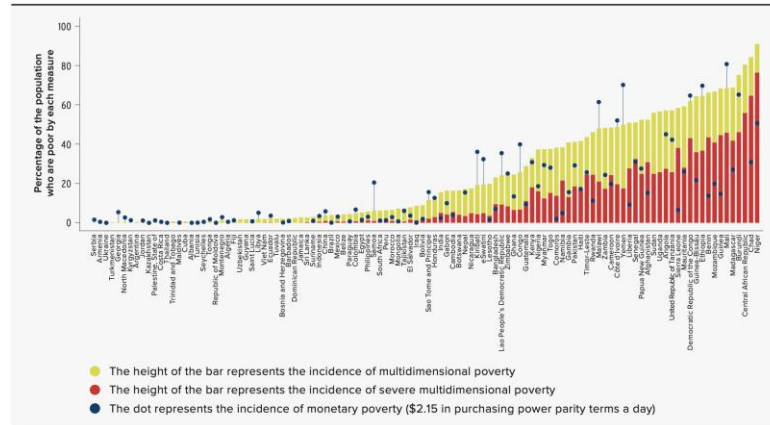
The results showed that differences in state spending efficiency explain substantial variation in poverty outcomes, with social protection spending producing the strongest short-run reductions and education spending showing more delayed effects.

2. Key Takeaways

1. Poverty is multidimensional, affecting people through simultaneous deprivations in health, education, living standards, and other essential capabilities.
2. The Multidimensional Poverty Index (MPI) provides a comprehensive way to measure poverty by capturing incidence, intensity, and composition of deprivations, using dimensions, indicators, weights, and cut-offs tailored to either global comparison or national policy needs.
3. Supreme Audit Institutions (SAIs) can use MPI as a powerful external outcome measure to evaluate the effectiveness and efficiency of public policies, assess whether services and programmes reach those most deprived, and monitor progress toward SDG 1.2.2.

3. Summary of Discussion

- Monetary poverty alone does not capture real deprivation. Participants noted that despite high levels of cash transfers in some countries, multidimensional poverty remains persistent, as shown in the graphic of the Global MPI Report 2023.



- There is no one-size-fits-all MPI model. Countries may need to adjust their indicators depending on geography, available data, institutional capacity, and national priorities. In some contexts, it may be necessary to adapt indicators to different regions (e.g., islands, remote or rural areas) to avoid assuming uniform living conditions across diverse territories.
- Challenges in data quality and integration were raised. Countries differ significantly in whether they have administrative databases with individual-level information (as in Brazil) or must rely solely on national household surveys from statistical offices or ad hoc surveys.
- Risk of misinterpretation of MPI results by policymakers was highlighted—especially when results expose regional inequalities or governance weaknesses. This risk can be mitigated by using an official national MPI (when one exists) or by developing an audit-oriented MPI with transparent technical criteria aligned with legal standards and official benchmarks.
- When evaluating a policy using MPI, auditors must first consider whether the policy was intended to target the poorest. If the poorest were not reached—but that was not the policy’s objective—this does not mean the policy failed. However, MPI can still highlight that the poorest were excluded, giving Parliament and the public the information needed to decide whether the policy should be adjusted.
- The Global MPI is more appropriate for low- and middle-income countries but may be less suitable for high-income contexts. However, countries like Switzerland noted they could still use MPI-style measures to assess the efficiency and effectiveness of official international development aid.
- The questions of the potential for SAIs to collaborate internationally to develop guidance, share methodologies, and strengthen collective learning on the use of MPI in audits were raised.

4. Next Steps

- SAI Brazil will share two articles with statistical models and possibilities for SAI use as soon as the papers are published.