



Portfolio Quality Index

1. Results

The portfolio quality index (PQI) increased from 103 in April 2016 to **104** in March 2017.

2. Context

DFID uses an index of portfolio quality to measure the extent to which projects are on track to deliver their expected outputs. The PQI provides a measure of how well the aggregate portfolio of projects (weighted by value of project) is performing, with a range from 50 (outputs substantially did not meet expectation) to 150 (outputs substantially exceeded expectation).

3. Methodology summary

DFID projects have an annual review every year and a project completion review at the end of their life. Projects have several outputs. These reviews are carried out by DFID staff and the outputs are awarded a grade based on performance towards their expected achievement. Each grade matches a particular PQI weight. See table below.

Output Score	Definition	PQI Weight
A++	Outputs substantially exceeded expectation	150
A+	Outputs moderately exceed expectation	125
A	Outputs met expectation	100
B	Outputs moderately did not meet expectation	75
C	Outputs substantially did not meet expectation	50

Each output has an impact weighting previously assigned to it by project staff. The impact weight is multiplied by the PQI score weight to get an impact score weight.

Output Description	Impact Weight %	Output Score	Weight based on output score	Impact Score
Output 1	30%	A+	125	37.5
Output 2	10%	A	100	10
Output 3	10%	B	75	7.5
Output 4	20%	A	100	20
Output 5	30%	C	50	15
Impact weight (should always total 100%)	100%		Overall PQ score	90

This gives an overall project portfolio quality (PQ) score. In the example above, this is 90. When aggregating PQ scores into an overall index the PQ score of each project is multiplied by the project value (£m) to give a weighted budget. The results of these calculations are added up and then divided by the total value of projects. This is multiplied by 100 to give the overall PQI score. See example below.

	Project Value (£m)	Overall PQ score for Project	Weighted budget based on PQ score (£m)
Project 1	40.0	102.5%	41.0
Project 2	20.0	93.8%	18.8
Project 3	10.0	115%	11.5
Project 4	30.0	86.3%	25.9
Project 5	15.0	56.3%	8.5
Total	115.0		105.6
Portfolio Quality Index = Weighted budget divided by total budget = (105.6÷115)x100 = 91.8			

4. Data sources

Data on spend and project scores comes directly from DFID's IT systems. The PQI score is automatically calculated from these systems. The score at the end of the financial year is the figure published each year.

5. Data quality notes

All data comes directly from DFID systems and is of good quality. However, as the PQI is weighted by spend on each project, larger projects have a disproportionate effect on the total score.

In addition, output scores given by DFID staff are subjective and self-reported. Increases or decreases in PQI scores may reflect changes in performance of the project, or changes in how staff systematically rate projects.