

Indicator description	Portfolio Quality Index (PQI)																																																																		
Indicator Type	Output																																																																		
DFID Commitment	This is headline indicator under DFID's Single Departmental Plan and Corporate Objective: Delivering Value for Money																																																																		
Rationale	Portfolio Quality Index provides a measure of how well projects are performing on average. The Project review score is calculated at project level once a review has been approved. The PQI is calculated following an aggregation of all DFID projects reviewed in a rolling 12 month period by weighting project budget values according to performance as determined by their score assigned at the review. These weighted budgets are then aggregated and expressed as a percentage of the total portfolio budget to give the PQI.																																																																		
Technical definition	<p>The PQI project scoring system, applied from 1st January 2012, introduced an approach to scoring that is firmly grounded in observed results. For the purposes of computing portfolio quality, the portfolio includes all projects in DFID's bilateral and multilateral portfolio which have undergone an Annual Review or Project Completion Review in the last 12 months and whose project score has been inputted and approved on DFID's Aid Management Platform (AMP).</p> <p>PQ score for a project: At each review, projects are scored by outputs achieved to date against the expected outputs as set out in each project's logframe. The scoring scale allows for both over and under-achievement.</p> <table border="1"> <thead> <tr> <th>Output Score</th> <th>Definition</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td>A++</td> <td>Outputs substantially exceeded expectation</td> <td>150</td> </tr> <tr> <td>A+</td> <td>Outputs moderately exceed expectation</td> <td>125</td> </tr> <tr> <td>A</td> <td>Outputs met expectation</td> <td>100</td> </tr> <tr> <td>B</td> <td>Outputs moderately did not meet expectation</td> <td>75</td> </tr> <tr> <td>C</td> <td>Outputs substantially did not meet expectation</td> <td>50</td> </tr> </tbody> </table> <p>Each project has several outputs, with each assigned an "impact weight". These are then assessed at review and given an output score based on the above table. The "weight" of that output score is then applied to the impact weight to give an overall impact score for each output then aggregated to give an overall PQ score and grade. For example:</p> <table border="1"> <thead> <tr> <th>Project ID:</th> <th colspan="4">Project Title:</th> </tr> <tr> <th>Output Description</th> <th>Impact Weight %</th> <th>Output Score</th> <th>Weight based on output score</th> <th>Impact Score</th> </tr> </thead> <tbody> <tr> <td>Output 1</td> <td>30</td> <td>A+</td> <td>125%</td> <td>37.5</td> </tr> <tr> <td>Output 2</td> <td>10</td> <td>A</td> <td>100%</td> <td>10</td> </tr> <tr> <td>Output 3</td> <td>10</td> <td>B</td> <td>75%</td> <td>7.5</td> </tr> <tr> <td>Output 4</td> <td>20</td> <td>A</td> <td>100%</td> <td>20</td> </tr> <tr> <td>Output 5</td> <td>30</td> <td>C</td> <td>50%</td> <td>15</td> </tr> <tr> <td>Impact weight should always total 100%</td> <td>100</td> <td></td> <td>Overall PQ score</td> <td>90</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Overall grade</td> <td>A</td> </tr> </tbody> </table>				Output Score	Definition	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	Project ID:	Project Title:				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				Overall grade	A
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The overall grade is applied using the following range:

Output Score	Definition	Grade based on PQ score range
A++	Outputs substantially exceeded expectation	137.6-150
A+	Outputs moderately exceed expectation	112.6-137.5
A	Outputs met expectation	87.5-112.5
B	Outputs moderately did not meet expectation	62.5-87.49
C	Outputs substantially did not meet expectation	50-62.49

DFID's Portfolio Quality Index is an aggregation of all projects reviewed in the last 12 months and is calculated by weighting project budget values according to performance as determined by their score assigned at the review. These weighted budgets are aggregated and expressed as a percentage of the total portfolio budget to give the portfolio quality index. The PQI has a theoretical range of 50 – 150. A score of 100 signifies that DFID's aggregate portfolio of project outputs are, on average, meeting expectations. A score below 100 will indicate under-achievement across the portfolio, whilst a score greater than 100 will indicate over-achievement.

The table below provides an example of how the portfolio quality index is calculated. Aggregating the weighted budgets across all five projects in the sample and expressing their sum as a proportion of the total sample budget gives a portfolio quality index of 91.8 i.e. within the range as defined above of 'outputs met expectation'. In real terms, this calculation is applied on a 12 month rolling basis to over 1,100 DFID projects.

The precise weight attached to each project budget is calculated from the individual project PQ scores as shown 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 as proportion of total budget = $(105.6 \div 115) \times 100 = 91.8$			

The PQI is subject to fluctuation as projects with substantial budgets move in and out of the portfolio.

Data calculations	Based on PQ Index for each project after reviews approved. DFID's Portfolio Quality index is calculated by weighting project budget values according to performance as determined by their score assigned at the review.																																																																																															
Data sources	DFID's Aid Management Platform																																																																																															
Reporting roles	Portfolio Quality Index is reported to Executive Management Committee, Investment Committee and the Departmental Board via relevant MI reports.																																																																																															
Worked example	See Technical definition																																																																																															
Baseline data	<p>Report processed on 1st May 2016 reflecting position as at 30th April 2016 and reflects revised organisational structure of DFID from April 2016</p> <table border="1"> <thead> <tr> <th>DG / Division</th> <th>Score</th> <th>Band</th> <th>No. of Projects</th> <th>Budget for lifespan of Projects (£m)</th> </tr> </thead> <tbody> <tr> <td>All DFID</td> <td>103.0</td> <td>A</td> <td>1165</td> <td>£48,141</td> </tr> <tr> <td>Director General Corporate Performance</td> <td>101.9</td> <td>A</td> <td>4</td> <td>£15</td> </tr> <tr> <td>Finance and Corporate Performance Division</td> <td>86.2</td> <td>B</td> <td>3</td> <td>£5</td> </tr> <tr> <td>Non-Departmental Public Body</td> <td>110.0</td> <td>A</td> <td>1</td> <td>£10</td> </tr> <tr> <td>Director General Country Programmes</td> <td>100.4</td> <td>A</td> <td>708</td> <td>£21,445</td> </tr> <tr> <td>Asia, Caribbean and Overseas Territories</td> <td>100.2</td> <td>A</td> <td>222</td> <td>£7,413</td> </tr> <tr> <td>West and Southern Africa</td> <td>100.6</td> <td>A</td> <td>201</td> <td>£5,230</td> </tr> <tr> <td>East and Central Africa</td> <td>100.0</td> <td>A</td> <td>211</td> <td>£7,033</td> </tr> <tr> <td>Regional Directorate</td> <td>97.1</td> <td>A</td> <td>9</td> <td>£281</td> </tr> <tr> <td>Middle East and North Africa Division</td> <td>102.8</td> <td>A</td> <td>65</td> <td>£1,488</td> </tr> <tr> <td>Director General Economic Development</td> <td>109.3</td> <td>A</td> <td>59</td> <td>£9,006</td> </tr> <tr> <td>Economic Development Division</td> <td>109.3</td> <td>A</td> <td>59</td> <td>£9,006</td> </tr> <tr> <td>Director General Policy & Global Programmes</td> <td>103.1</td> <td>A</td> <td>394</td> <td>£17,675</td> </tr> <tr> <td>Policy Division</td> <td>103.0</td> <td>A</td> <td>153</td> <td>£5,365</td> </tr> <tr> <td>International Relations Division</td> <td>98.0</td> <td>A</td> <td>19</td> <td>£3,021</td> </tr> <tr> <td>Research and Evidence Division</td> <td>104.7</td> <td>A</td> <td>164</td> <td>£2,099</td> </tr> <tr> <td>Global Funds</td> <td>103.7</td> <td>A</td> <td>11</td> <td>£5,654</td> </tr> <tr> <td>Conflict, Humanitarian, Security & Stabilisation Division</td> <td>109.1</td> <td>A</td> <td>47</td> <td>£1,536</td> </tr> </tbody> </table>	DG / Division	Score	Band	No. of Projects	Budget for lifespan of Projects (£m)	All DFID	103.0	A	1165	£48,141	Director General Corporate Performance	101.9	A	4	£15	Finance and Corporate Performance Division	86.2	B	3	£5	Non-Departmental Public Body	110.0	A	1	£10	Director General Country Programmes	100.4	A	708	£21,445	Asia, Caribbean and Overseas Territories	100.2	A	222	£7,413	West and Southern Africa	100.6	A	201	£5,230	East and Central Africa	100.0	A	211	£7,033	Regional Directorate	97.1	A	9	£281	Middle East and North Africa Division	102.8	A	65	£1,488	Director General Economic Development	109.3	A	59	£9,006	Economic Development Division	109.3	A	59	£9,006	Director General Policy & Global Programmes	103.1	A	394	£17,675	Policy Division	103.0	A	153	£5,365	International Relations Division	98.0	A	19	£3,021	Research and Evidence Division	104.7	A	164	£2,099	Global Funds	103.7	A	11	£5,654	Conflict, Humanitarian, Security & Stabilisation Division	109.1	A	47	£1,536
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Return Format	Portfolio Quality Index on a monthly basis to one decimal place																																																																																															
Data dis-aggregation	Not applicable																																																																																															
Data availability	Daily																																																																																															

Time period/ lag	All reviews approved in the last 12 months on a rolling basis
Quality assurance measures	Manual check of raw data and calculations.
Interpretation of results	See Technical Notes
Data quality	Internal reporting tools are reliable
Data issues	Reliant on Project teams inputting accurate and timely reviews on to the Aid Management Platform.
Additional comments	None
Variations from standard methodology	None