

ADVANCE OFFSET MECHANISMS

The advance offset mechanism to be applied for a project can take one of four forms.

1. The whole amount is set off against the first payment claim;
2. The amount is gradually set off in equal proportions, starting from the first payment claim until 80% of the grant has been spent; or
3. The whole amount is set off when 80% of the grant has been spent, or
4. Manual advance offset scheduling.

NOTE

The examples below are only for illustrative purpose and they do not take into account co-financing or disbursement on approval of the Project Completion Report.

Example

Grant awarded: 1,000

Project length: 1 calendar year

Planned payment claims: 4 per calendar year

Advance payment: 10%, 100

Alternative 1

Cash flow - The whole amount is set off against the first payment claim

Period	01/01	01/04	01/07	01/10	31/12	Sum
Description	Advance payment	1 st payment claim	2 nd payment claim	3 rd payment claim	Final payment claim	
Claim	100	250	250	250	250	1,100
Deductions/ off set	0	100	0	0	0	100
Net disbursement	100	150	250	250	250	1,000

Alternative 2

Cash flow - The amount is gradually set off in equal proportions

Period	01/01	01/04	01/07	01/10	31/12	Sum
Description	Advance payment	1 st payment claim	2 nd payment claim	3 rd payment claim	Final payment claim	
Claim	100	250	250	250	250	1,100
Deductions/ off set	0	33	33	34	0	100
Net disbursement	100	217	217	216	250	1,000

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Alternative 3

Cash flow - The whole amount is set off when 80% of the grant has been spent

Period	01/01	01/04	01/07	01/10	31/12	Sum
Description	Advance payment	1 st payment claim	2 nd payment claim	3 rd payment claim	Final payment claim	
Claim	100	250	250	250	250	1,100
Deductions/ off set	0	0	0	100	0	100
Net disbursement	100	250	250	150	250	1,000

Alternative 4

Cash flow - Manual advance offset scheduling

Period	01/01	01/04	01/07	01/10	31/12	Sum
Description	Advance payment	1 st payment claim	2 nd payment claim	3 rd payment claim	Final payment claim	
Claim	100	250	250	250	250	1,100
Deductions/ off set	0	10	20	30	40	100
Net disbursement	100	250	250	150	250	1,000