

Distinguish, differentiate, compare and explain what is the difference between Grant and Contract. Comparison and Differences.

## **Difference between Grant and Contract**

The difference lies in legal definitions, especially relates performance and what to consider default. In a contract, there is an item (product and/or service). The contractor is legally bound to deliver. Failure to deliver can result in the contractor to be found in default. In a grant, on the other hand, there is no legal consequence if the objective is not met. A grant is an assistance mechanism. A contract is a mechanism for acquiring services, supplies or research for the direct benefit and use of the government.

1. A contract is a legally binding agreement to deliver goods &/or services in exchange for consideration (usually money). Grant provide funding assistance to hopefully achieve some result. But there is no legal binding requirement to achieve the result.
2. In the contract, final payment is based on deliverable. In the grant, the award of full payment is there usually in lump sums or a *draw down* system.
3. Contracts are very specific in defining the scope of work and outcomes. Grant is flexible in defining the scope of work, budget and changes, and outcomes.
4. Contract content have highly focused topics whereas Grant content have less specific topics.
5. The contract has more fiscal requirements and frequent reporting has to be done. Grant is more flexibility in the use of funds and reporting.
6. Contracts have procurement Mechanism for some agencies while Grant has assistance mechanism.
7. Contracts are governed by Federal Acquisition Regulations (FAR) whereas Grants are governed by the terms of the Grant agreement (Code of Federal Regulations, OMB Regulations)