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**MADHUMITA GUPTA**

*Interviewed by: Alexander Shakow  
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*Q: Today is the 29<sup>th</sup> of November, 2016. I'm Alex Shakow and I'm delighted to be interviewing for the oral history project, supported by USAID (U.S. Agency for International Development) and being managed by ADST, Ms. Madhumita Gupta. Welcome. I'm so glad you are prepared to do this. What is special is I think this is the first time that we have tried to do an oral history with a person who has long experience with AID (USAID) as a Foreign Service national. We will get to that as we move along in this discussion. But I would first like to ask more about who you are, what your background is, where you were born and brought up, and where you went to school and what kinds of things you worked on. Please start with that if you would and we'll pursue the more detailed AID things later on.*

GUPTA: Thank you Alex. This is very exciting! Especially so because I'm passionate about international development and I think it's important to identify what development means to citizens that agencies such as USAID is trying to help, how they feel about working with us, and what they think is being achieved. I straddle both sides. While I've worked in and with multiple international development (donor) organizations, I am also a citizen of a country (India) that has and continues to receive donor support in its development efforts. Therefore, my perspective is probably a little different from that of the Direct Hire or expat. So, I'm delighted to place on record some of my observations and conclusions.

To answer your first question: I was born in Calcutta (now Kolkata), India. Both my parents were from there. Shortly after my parents were married, my father (Shyama Prasad Gupta or as he was known 'Dr. S.P. Gupta') left to do his Masters and then his PhD (doctorate) in Economics at the London School of Economics (LSE) in England. I think he went under the Jeevan Scholarship (I know I'm getting the name wrong). I was nine months old when my mother and I joined my father in England. We lived two years in London then moved to Hull, Yorkshire where my father was offered a fellowship at

Hull University. We were in Hull for two years where my father worked under Professor Nicholson and began to teach; he was very fond of Prof. Nicholson. After Hull, we moved back to India for two years. I must have been four or five years old at the time. My father joined the Indian Planning Commission in New Delhi which was the seat of the commanding heights of the Indian economy; India had decided to adopt the Soviet planning model of development post-Independence. My father constructed India's first input-output tables (I-O tables). Many, many years later, I remember talking about I-O tables with my father when I was working at the World Bank India Office; ironically, I was working with Professor Saluja at the Indian Statistical Institute, trying to help them update the 1992-93 tables. Professor Leontief (recognized as the father of I-O tables), was a very good friend of my father's and I know they worked closely together at some point. I remember Prof. Leontief coming to our house. After two years in India, my father returned to England and we settled in Manchester, Lancashire for the next eight years where my father was offered the Hallsworth fellowship and a teaching position in the Department of Economics, Manchester University.

*Q: So your formative years were spent in Manchester?*

GUPTA: Yes! In Manchester, England. It's funny because even now, after so many years, when I speak, someone from England will catch it; I had a horrible Mancunian accent! (Laughter). Accept the last two years, all my schooling was in England; I completed the last two years in the U.S. I attended the Whalley Range Grammar School for Girls in Manchester. In December of 1970, my father was invited to the World Bank, Washington DC to present a paper on a book he had just written on planning. At the meeting was a professor from the University of Chicago, Prof. Harry Johnson. Being from the Chicago School, Prof. Johnson was not a fan of planning models – however, apparently, after he heard my father's presentation, he told my father that his paper had made him re-think about planning and asked my father if he would like to join the World Bank. I remember it was Christmas Eve and my mother and I were celebrating with tenants at the Sunningdale Student Hostel (part of Manchester University); my father was the warden there. We were gathered in the common room when my father's call came through. I went running to say hello and all I saw was my mother's face suddenly light up. I remember asking her, "What happened?" And she said, "We're moving to the U.S.; we're moving to America." My father stayed on at the World Bank in Washington for the next 20 years.

The 60s and 70s were an interesting time. 'America' was perceived to be the land of milk and honey and boundless opportunities. In English TV saw were 'cowboys and Indian' movies and serials like *Rifleman*. Sometimes, at school, I'd get mistaken for an 'American Indian' with my two braids and round face; I lacked the elegant long faces of a typical Indian girl; there were so few South Asians in England those days.

We arrived in New York on the *QE2 (Queen Elizabeth 2)*. To a 15 year old, it was like a fairy tale. I still remember the ship pulling into the harbor early in the morning, I still remember the exact time (6:02 am) because the Captain announced it as Lady Liberty came into view - out of the morning mist. Very romantic indeed! After spending two days

in New York, gawking at skyscrapers (still a novelty in the 70s) and going to Radio City Music Hall to see the Rockets, we came to Washington, DC.

Most parents were concerned in the 70s. Conservative Asian parents were ‘really’ concerned in the 70s! It was the era of the flower child, hippies, and drugs. So, my parents decided to place me in a private school. I was 15 or 16 at the time.

*Q: Which school?*

GUPTA: I joined the National Cathedral School for Girls (NCS) on Wisconsin Avenue. After I graduated from NCS, my father preferred I stayed in the DC area for college. I was his only child and he was an Asian father. But like any teenager of the ‘70s, I rebelled and picked the only school that was considered ‘liberal’ in the area - American University (AU). So I went to AU for my Bachelor’s degree. I graduated with a Bachelor of Science (BSc) in Economics instead of a Bachelor of Arts (BA) to graduate with ‘Honors’. This meant I had to write a thesis.

*Q: What was your thesis on?*

GUPTA: It was entitled “South Korea, an Export-led Economy”. At that time, South Korea was one of the East Asian miracle stories in international development. We now forget that it was one of the first examples of an export platform. I remember going to Woodrow & Lothrop (fondly called Woody’s) with my mother and looking at beautiful cut-glass vases from South Korea. Until then, cut glasses came from Ireland, Austria, Czechoslovakia – certainly not South Korea. Slowly, many things began to appear with the ‘Made in South Korea’ label (much like the “Made in China’ label now). South Korea demonstrated a new approach to development.

*Q: Is this the first real occasion that you dug into a development issue and the role of AID? Because of course AID had a very big role in Korea’s development and conversion from being a backwards state to a very progressive one.*

GUPTA: Yes.... But my focus was more on the development model of ‘export-led’ than on development assistance. If there was one, I think it was focused on the role of the World Bank – not USAID. It was not until I had applied for a job at USAID many years later that I began to recognize the role of ‘USAID’.

*Q: So in your thesis, this was not your focus?*

GUPTA: That’s right. I focused more on the new strategy to development and not so much on the role of donor organizations in this strategy. During the early years, my mentors were: First, my father, because he always provided me with a very holistic perspective to whatever we discussed having worked in the government (Government of India), the academia, and then in the donor community (World Bank). And second, my professors (both at AU and GWU). By virtue of going to school in the DC area, I had the benefit of being taught mostly by practitioners and not just academics – priceless! These

professors were consulting for the World Bank, IMF, the Latin American development Bank, the U.S. Government (USG), etc. The case studies they presented were fascinating – describing the challenges to development that existed on the ground. Plus, my father would sit in restaurants or on flights and would start writing equations on napkins. This also helped to steer me away from ‘theoretical’ work. (Laughter). So, my two mentors steered my interest towards applied work versus theoretical.

*Q: After you graduated from AU (American University), you then went to George Washington (GWU)?*

GUPTA: After my undergrad, I’d applied for my PhD at several universities. I finally decided on the Johns Hopkins program because I could also take classes at the School of International Studies. Most summers my father would work with a different European university or research institute on a research topic. I remember, that summer we were in Brussels, Belgium for about six weeks. For some reason, the rebel in me resurfaced. I suddenly wanted to look at the world through an international business lens vis-à-vis economics. I was tired at looking at the world from the perspective of a \$5 versus \$10 guns and butter production possibility frontier – I wanted to look at it from the perspective of multi-million dollar business deals. This meant I needed to switch over to an MBA program (Master’s in Business Administration). This was late August – and the only school that would allow me to switch at this late stage was George Washington University (GWU); I had already been accepted into their PhD program with a scholarship.

*Q: Your father must have been happy; it kept you in town, right?*

GUPTA: Not only did it keep me in town but more importantly, it steered me away from economics (Laughter). My father was thrilled! Although I was in awe of my father’s knowledge and expertise, I constantly challenged him and argued with him on economics. So I think he was relieved. So, I joined GWU and graduated with a degree in one and a half years.

Between my undergrad and my grad degrees, I interned at the Brookings Institute. I was working on a project that measured the effects of inflation on growth.

*Q: With whom were you working?*

GUPTA: With Dr. R.E. Klein and also Surjit Bhalla.

*Q: He worked at the Bank at one point.*

GUPTA: Yes, Surjit did. Currently, he has his own consulting firm in India and is a very prolific writer. The majority of the time, I worked in the bowels of the earth (the basement) at Brookings, entering data into the computer. (Laughter)

*Q: Let's step back and think about the role your father played in your decision to go into economics. From the earliest days of your life you were exposed to economists and colleagues of your father's. You decided to get an MBA; you saw as a rebellion. But in fact, if you look at your whole career, would you say your father was the most important influence on your life?*

GUPTA: Oh Yes! When I was growing up, when guests came to our house, I was expected to join them; kids now have the option of disappearing behind a computer screen or an iPhone, I didn't! So, I would sit in one corner of the sofa and listen to the conversation. The conversation between my father and his colleagues were always fascinating and of course revolved around development issues. Some of my father's guests were very famous, even Nobel Laureates such as Dr. Kenneth Arrow, Dr. Amartya Sen, Prof. Leontief, etc.

*Q: Nobel Prize winners.*

GUPTA: Yes. I was always asked to join (Laughter).

*Q: Did you?*

GUPTA: Sometimes they were kind and would turn to me and say, "Let's hear from the younger generation." I'm sure I'd say something NOT very profound (Laughter). But it made me want to know more, which is what influenced me to go into development economics I think. And my father was responsible for that.... because he was so inclusive.

*Q: Just to illustrate – my father was a prominent clinical psychologist, and I decided at an early stage that I never wanted to be in that field because I would always be in the shadow of this person who was well known and I knew I could never compete. Did you have that?*

GUPTA: So this is my theory on this: I think sons have this problem because there's usually a 'legacy issue'; John Senior to John Junior or James the First, Second, Third, etc. So, the shadow of the father always looms over the son(s). I don't think daughters have that issue. Daughters like to challenge their fathers because their doting fathers allow them to do so. (Laughter) But as I mentioned, I don't think my father really wanted me to go into economics. Maybe because he knew the frustrations of becoming an economist. He tried to dissuade me quite a bit. I was actually quite good at art and even got a scholarship. I think my mother would've liked if I'd gone into art; I think she thought I'd have a happier life in that environment. But this whole thing about being in the shadows of my father – I don't think I ever saw it that way.

My father was extremely protective, loving, and fun. If I had the chance to choose, I would choose my father over and over again. But at the same time, he had certain strict principles: He believed in 'self-taught and self-made'. He was a brilliant mathematician, statistician, and economist but if ever I asked him for help, he would almost run away. I

was left to figure it out by myself (or not). Similarly, I never received any help from my father in getting a job. There were times when I knew one phone call from him would get me what I wanted – but it never came. But for anything else (clothes, vacation, etc.), I didn't even have to ask.

*Q: What's your explanation for that?*

GUPTA: I think because he was 'self-made', he wanted to make me self-made.

*Q: And he wanted you to stand on your own two feet.*

GUPTA: Yes. He realized that at the end of the day, the only way you bounce back from a fall is if you had managed to stand-up by yourself in the first place. That's where the confidence, 'can-do' comes from.

*Q: What did his father do?*

GUPTA: My father came from a very good family. My grandfather was a civil servant under the British Raj in India and was the recipient of the prestigious Rai Bahadur award.

*Q: As part of the Indian civil service?*

GUPTA: I think he was one of the first Directors of the Pusa Institute (I could be wrong), which is the largest agricultural institute in India. The entire family was in so-called 'service' – there were no businessmen in my family. My father was much mollycoddled as a child. He was the sixth born of my grandparents after five daughters! My mother used to tell me such stories! Apparently, when she first came to her in-laws, she noticed that my father would never bend to put his glass down. He would just let his glass go and someone would invariably be there to catch the glass as it fell (Laughter). That's how mollycoddled he was! My paternal grandmother came from a family of very well-known doctors.

My mother (Kamala Gupta) came from a very rich Zamindar (landowner) family. My mother, being the first born, held a position of some authority as a child. The family had lots of land in the Sundarbans and in the District of Bardhaman in West Bengal. My grandfather and my grand uncles were well-known lawyers. Therefore, both sides of my family were very well educated.

My father was expected to go into the Indian Railway Service after my grandfather passed away. But he refused and wanted to study economics instead. The first in the family – and the family vehemently objected. So, without taking a penny from the family, my father left for England under a scholarship to study economics at LSE; very few travelled that far in those days (it was close in the heels of India's Independence). My mother used to tell me so many stories of hardship they went through – but I think she was very, very proud of my father. For example, while my father had over 20 pairs of brand-new shoes sitting in his cupboard in Kolkata, in London, he struggled with one pair

full of holes. He did not have the money to buy a new pair. He would first put on his socks then a couple of plastic bags then his shoes before he went out into the snow. Once my mother and I arrived in London, my father's scholarship was not enough to support all of us and get him through school. So, he worked three jobs simultaneously: He would get up at four a.m. in the morning, go to a movie studio in London, bring coal up from the cellar and light-up all the fireplaces (there was no central heating in those days). Then before going to the university, he would go to the post office and sort mail. After his classes in the evening, where also he tutored students, he would go to a restaurant where he worked as a waiter. When he finished, the manager of the restaurant would give each employee a piece of chicken (a thigh or a leg). My father would carry it back home and my parents would share it as their dinner. Now I understand why my father tipped the waiters so much; I guess he understood how far a good tip went (Laughter). So, although they were both raised like a prince and princess, they were totally self-made.

*Q: They were themselves demonstrating this self-reliance that they then imbued in you. Did it work?*

GUPTA: I think it did! At 61 years of age, with no family member to fall back-on and very little financial cushion, I've come back to the U.S. to make a second career. All my friends think that I'm either crazy or very brave (Laughter). But I guess I have confidence that I'll make it – though it may not be easy!

*Q: So let's now see what happens. You finished your MBA.*

GUPTA: Yes, just as I finished my MBA my father was offered a deputation by Mrs. Indira Gandhi (then Prime Minister of India) to join the Indian Planning Commission and lead the technicalities of India's Sixth Five Year Plan. So, my father took a leave of absence from the World Bank for five years and joined the Indian Planning Commission. I decided to join my parents in India. I had just finished my MBA.

*Q: So you were pleased that your father had decided to do this?*

GUPTA: Yes, because I'd never really lived in India (I'd left India when I was around nine months old). Although we'd go back to India every other year on Home Leave for a couple of weeks, it's never the same as living there. I also decided that re-entry after 26 years would be much easier with my parents there (Smile!).

*Q: What year was this?*

GUPTA: This was 1981. However, while I spoke fluent Bengali (a consequence of my father never allowing us to speak anything other than Bengali at home), I did not speak Hindi and we were to be based in Delhi. I also had no knowledge of India's business sector. Further, I lacked much of India's social graces and had to learn quickly on what was socially acceptable (especially for a young woman) – and more importantly, what was not! With my newly acquired MBA, I joined the Economic and Scientific Research

Foundation of the Federation of Indian Chambers of Commerce and Industry (FICCI). It was a very happy marriage..... for while I worked directly with the captains of India's industries (such as S.K. Birla, K.N. Modi, Dr. Bharat Ram and Charat Ram, Jhunjhunwala) on a one-on-one basis, I was still working on research topics involving India's overall development issues. I learnt a tremendous amount about India's business sector while at FICCI – but it was baptism by fire!

We returned back to DC in 1986 and I joined Panel, Kerr, and Foresters (PKF), a consultancy firm. I was there for approximately two years. They were (are?) located at 15<sup>th</sup> and K, I think.

*Q: What did they do?*

GUPTA: They were primarily an accounting firm, but also had a huge hospitality consultancy wing. I think they were the number two or three in the U.S. in hospitality consulting. I was primarily doing competitive supply-demand studies for hotels and industrial warehousing units that wanted to expand their operations. I worked with the best; all my colleagues were from Cornell University. My office mate used to take me to hotels such as the Washington Sheraton Hotel on Woodley (one of our clients) and describe how the hospitality industry worked in the U.S. I was fascinated with the kitchens – they were as big as football fields; everything was in shiny stainless steel from floor to ceiling!

*Q: The hotel is there; it's gone through many owners.*

GUPTA: I remember that the World Bank used to have its Christmas party at the hotel.

*Q: They also held the global IMF (International Monetary Fund)/World Bank meetings there. It's a Marriott now I believe.*

GUPTA: While at PKF, I began to miss development economics. The Principle, Albert Gomes (Al), a very kind man, noting my interest, assigned me to do a study for the Organization of American States (OAS) on the 'optimum size of hotel management in the Caribbean region'. Thanks to Al, this study steered me back to international economic development. The study taught me a lot. While, large multinational, multi-story hotel chains were relocating to the Caribbean region to attract tourism, almost everything had to be imported in; other than bananas and some fruit, the region grew very little else. So, the question became 'how viable was this development strategy?' Given their import dependency, what should be the optimum size of hotel development in the region. I worked in Aruba and Jamaica. It was a hard life (Laughter). I used the 'span of control' theory in management to research and write the report. I believe the report was later used as training material by the OAS.

*Q: Then what?*

GUPTA: In my second year at PKF, my father opted for the very lucrative golden handshake from the World Bank. He was yearning to return to India. He did not want to grow old in the U.S. He wanted to be amongst his family – and serving India in some capacity. He'd been living outside India since he was 27 years old!

*Q: This is '87? Oh, I remember that period.*

GUPTA: Yes, he lobbied and lobbied. Then he finally got the golden package. I had applied for a position at the Organization for Economic Cooperation and Development (OECD) – in their Development Center. So, I left for Paris as my parents left for India. I worked on a project entitled 'Technology as a Determinant of Development' at the Development Center. If you remember, this was a hot topic in those days. I worked at the OECD for over a year.

*Q: Who was the head of the center at the time?*

GUPTA: Louis Emery.

*Q: Very interesting character.*

GUPTA: Yes, indeed!

*Q: Did you work directly with him?*

GUPTA: No, I worked with a gentleman named Charles Oman. Paris was wonderful; to be an expat in Paris was a good thing! (Laughter) I had a salary package that allowed me to enjoy not just Paris but Europe. Europe was not cheap, especially compared to the U.S. However, almost every morning the phone would ring and it would be my father. "Why don't you come back to India? You wanted to work in development." He finally wore me out – so I said, "Okay, let me see what I can find." (Laughter)

I had heard about a project that the World Bank was about to start in India; a short-term assignment. So I applied. By then my father had left the World Bank, so I could apply. My father had joined as Executive Director and CEO of the Indian Council for Research on International Economic Relations (ICRIER), an internationally renowned think tank based in Delhi.

*Q: With whom?*

GUPTA: You mean me? With Ataman Aksoy. Ataman and his team were based at the World Bank office in DC. I was to be their rep at the Bank office in Delhi. My task was to work with the Government of India (GOI) to help harmonize India's myriad import-export licenses (non-tariff barriers to trade) to match the Swiss Harmonized System (HS) codes. For example, if I remember correctly, there were 18 different import licenses in place at the time – 'banned, restricted, limited-restricted, open, canalized', etc. The idea

was to introduce the HS codes and then monetize these various non-tariff barriers – ultimately into three import duty slabs.

*Q: Was it a success?*

GUPTA: Oh yes! But it was not easy! For example, while import duties were collected by India's Ministry of Finance based in Delhi, the actual oversight of import-export were under the jurisdiction of the Ministry of Commerce, based in Kolkata. The shuttling and coordination between the two cities became a major challenge.

*Q: I wonder whether the Bank realizes it has this success story?*

GUPTA: I'm sure the Bank does.

*Q: You worked on this for a year?*

GUPTA: A year, year and a half. I was clearly enamored by India and its development issues. You couldn't ask to be in a better place if you're interested in development; if the problem was there, the solution was also there. They have some of the sharpest minds.

*Q: When you talk about "they" you're talking about?*

GUPTA: The Indians.

*Q: Not necessarily government, but Indians?*

GUPTA: Yes but government officials as well! The Indian Administrative Service (IAS) officers, have some of the sharpest minds I've come across. Literally, millions apply to get into the IAS cadres. The ones that finally make it are India's best. Once they join, they are further trained at special training centers such as the ones in Dehradun or Hyderabad. They're even taught to ride and shoot – even now! Then they all start at the bottom, at the village level – and work their way up in what is a hierarchy to beat all hierarchies. So, by the time they become senior policy-makers, they know the system inside out. Unfortunately, this system is ultimately its own worst enemy, I think – it does not diminish their sharpness in any way – but their attention turns from a focus on the 'whys' and 'whats' to the 'hows' or to red-tapism.

*Q: The administrative bureaucracy?*

GUPTA: Yes. The red-tapism.

*Q: Don't they all get put into running these...*

GUPTA: Large administrative blocks in terms of population? Yes, very much so.

*Q: So they may be in charge of 20 million people at a very young age.*

GUPTA: Yes. This is because of the absolute numbers in India (remember, India's population is 1.2 billion). As I mentioned, the IAS system has a very strong hierarchy with a language all of their own. They only speak in terms of batches. For example, when one IAS officer meets another, they first ask "which batch?" (that is, in which year did you enter the IAS). This immediately establishes the pecking order and their allegiance and relationship from this day forth!

*Q: So you were exposed to these people when you were doing this work at the World Bank?*

GUPTA: Yes, because I was working with the government.

*Q: Then what did you do when the project came to an end?*

GUPTA: When it ended, they offered me to stay-on at the Bank; I was getting a taste of India and I loved it..... so I began to work on Country Economic Memorandums (CEMs) and sector reports. For example, I contributed to the sector report on the small-scale sector that my supervisor Roger Robinson led and another on the Indian engineering sector. However, the rebel inside me kept saying, "I'm in India, why am I behind a desk doing policy stuff? I want to get my hands dirty at ground level. I want to see villages and work with the poor." You know, the usual stuff that comes from the mouths of development economists, the "realization" (Laughter).

Then I heard of the Technical Assistance and Support Project (TASP) at the United States Agency for International Development (USAID), India. This was an umbrella project that offered technical assistance to the Government of India (GOI) across a large number of sectors. So, in September, 1992, I joined USAID/India as the Project Officer for TASP.

If you recall, up until the 1990s, it was very hard to work with countries like India. These economies were closed-off to any external (foreign) interventions. While, in countries like Bangladesh, contribution of external donors to the overall development budget could be as high as 90%, in India, it was around seven percent; USAID and the U.S. government (USG) accounted for less than half-a-percent.

*Q: Do you remember the total value of the USAID program to India that first year?*

GUPTA: No. But I know that it has declined considerably over time. If I were to take a guess, I would say that it was close to a billion dollars with food aid; PL-(Public Law) 480 was still in effect. Now, it's around \$100 million.

*Q: The bulk in food aid?*

GUPTA: Yes, PL-480 was a big chunk. The other portfolio whose budget gradually increased over time was health. In 1992, there was no environmental portfolio. The GOI was also very directive as to where we could intervene.

*Q: This is the one you discovered when you were leaving the World Bank and there was this technical assistance project?*

GUPTA: Yes. TASP, as I mentioned, was a small discretionary pot of funds that was offered to the GOI to smoothen our negotiations on other portfolios – it was fondly referred to as the ‘slush fund’.

*Q: To which ministry?*

GUPTA: TASP’s counterpart was the Ministry of Finance, Department of Economic Affairs (MOF/DEA). In fact, they were the first point of contact for all donors; they were the administrative ministry.

*Q: Was the work done with them? Or did they allocate?*

GUPTA: On other portfolios they allocated but for all economic growth interventions, they were both the administrative counterparts as well as our technical counterpart.

*Q: So they were your link to the government and had to approve whatever it was.*

GUPTA: Absolutely. They had a very rigorous process in place. Approval was given on an activity-by-activity basis each time we wanted to work with a new entity. All donors had to go through this process, even the multilaterals.

*Q: This is the central point in the Indian government for donor assistance management?*

GUPTA: Yes. To take a step back: In 1991, India was left with enough foreign exchange to pay for only two weeks of imports. India was very proud. It had never reneged on its debt. To maintain this reputation, in the summer of 1991, India agreed to go into unprecedented economic liberalization and reform in exchange for IMF assistance (a structural adjustment loan). What followed was a huge rupee devaluation followed by the opening-up of the trade and the financial sectors and loosening-up of industrial controls. I was at the World Bank when this happened.

*Q: This was Manmohan Singh?*

GUPTA: He was the Finance Minister at that time under Narasimha Rao. It was really Rao who led the economic liberalization; I don’t think Rao is given enough credit for this. He was the real liberalizer. Manmohan Singh was a bureaucrat who supported his boss well. My father and Manmohan Singh were close colleagues at the Planning Commission. They’ve come to our house for dinner, we’ve gone to their house for dinner, and so on. The World Bank and the Fund (IMF), as you know, were extremely instrumental/influential in pushing the initial reform agenda.

You asked me a question earlier as to whether the work on the HS Code was useful. Well, as I mentioned, one of the first sectors to open-up under liberalization was the trade sector. The work on the HS code that I did at the World Bank became very useful.

In 1992, I was brought to USAID/India to help refocus TASP funds on India's economic reform efforts. And since the focus of TASP now was on economic activities, DEA/MOF became my direct counterpart.

*Q: Who was that?*

GUPTA: John O'Rourke.

*Q: So you were able to associate this \$10 million with the economic policies of the government?*

GUPTA: Yes. We added more funds under TASP (TASP obligations reached \$25 million by the time the project came to an end in 2013 or 14. And the authorized level was \$30 million).

*Q: Washington was supportive of your getting the additional money?*

GUPTA: Of course. USAID, through TASP, was the first bilateral donor allowed to support India on its economic reform agenda. Before this, it was only the multilaterals under lending arrangements.

*Q: Without excessive modesty, do you attribute your ability to work with the government as part of why it was able to work that way?*

GUPTA: I would like to make two observations: First, I had very good supervisors at USAID/India who guided me. They had enough confidence in me to let me work fairly independently. In fact, that's one benefit I've always enjoyed at USAID/India; I've always been allowed to work independently. Second, because of my exposure to experts and senior officials as I was growing up (thanks to my father's inclusive approach), I was, never overwhelmed or daunted by GOI officials or experts. I could deal with them almost on equal footing – with authority. So, I knew how to diplomatically talk to these people. I could speak the language they spoke because I had observed my father. This was extremely helpful and something that should not be underestimated when working in development or with governments and experts with fairly large egos. It also didn't hurt that my father was who he was; when I met with government officials or well-known economists, they all knew my father – and that helped to get a foot in the door.

*Q: They knew who you were?*

GUPTA: Absolutely. At any GOI meeting, the first five minutes of conversation would be about my father. Later on, I was recognized in my own right. (Laughter).

*Q: That's worth millions of dollars.*

GUPTA: It's actually priceless!

*Q: Unfortunately, it can't be reproduced by everybody. That was a unique characteristic that you had, the fact that you are your father's daughter made – I mean it couldn't have continued without your being substantive and knowledgeable yourself, but it helped with the foot in the door.*

GUPTA: Yes, ironically, although my father never really directly intervened on my behalf in my work environment, he was, in reality, a silent contributor – and I learned to use that very well. I would go in and say hello and sit down and gently drop his name if and when things got sticky. (Laughter) Of course, later when my father became a Minister of State, his cache increased.

*Q: What did he become minister of?*

GUPTA: He became Member, Planning Commission, at a Minister of State rank.

*Q: While you were at AID?*

GUPTA: Yes. Initially, when he returned from the U.S. in 1989 and joined ICRIER, his reputation as the CEO and ED soared and, in turn, this contributed to ICRIER's reputation. Think tanks such as ICRIER are very influential. Most of the nationally recognized think tanks in Delhi are connected to specific Ministries. For example, the National Council for Applied Economic Research is connected to the Ministry of Commerce; ICRIER to the Ministry of External Affairs; the National Institute of Public Finance and Policy to the MOF.

*Q: So there you were, working closely with the government and helping get AID into the work of the reform...*

GUPTA: Well yes. Our approach under TASP helped establish several 'first' (new protocols) with the GOI that helped to usher-in a certain degree flexibility to our relationship.

First, as I had mentioned, bilateral as well as multilateral donors had to seek permission on a case-by-case basis from the GOI to be work with specific organizations (government or non-government organizations (NGO)). It was not easy to get these approvals. If TASP was to be successful in helping to accelerate India's reform agenda, it had to work with multiple organizations – from government to think tanks to academia to NGOs to the media. The capacity of these organizations had to be strengthened because in the long-run, it was these host organizations that would have to support, lead and sustain the reform efforts. So, our first task was to seek a blanket approval. We had to pre-negotiated approval to work with multiple organizations so that we'd never have to go back for individual approvals again.

*Q: These were Indian NGOs?*

GUPTA: Yes, Indian NGOs. My first task was to identify these organizations. I decided to not limit them to Delhi but go out to the states. This was crucial. Why? Because much of the reform would need to take place at the state level; India had 25 states and five Union Territories at the time. If you google-searched, you'd find most, if not all, world class Indian institutions (especially research institutions and think tanks), located in Delhi – not at the state level. The reason is simple: Although India is a federally structured country – it's governed in a very centrist way (though its changing now). When India became independent, several factors prevented it from becoming a true federal country: 1) It adopted a Center-led Soviet economic model of Five Year Plans; 2) immediately post-independence, India started to break apart. East and West Pakistan were carved out of India. So, to keep India from further fragmentation, the Center assumed control; 3) for almost 35-40 years, there was only a one party rule both at the Center and at the state level (the Congress Party) and states. So without question, the states towed the Center's line; 4) the financial devolution, the way it was structured, never really allowed the states to raise their own revenues to enable them to become financially independent from the Center; and 5) under the Indian Constitution, the number of areas that fall under the Center's jurisdiction, taking the Center's and Concurrent Lists combined, overshadow the number of areas that fall under the States' jurisdiction under the States and Concurrent Lists combined.

*Q: When you moved to find NGOs outside of Delhi, give me an example of one of the most successful and prominent ones you worked with.*

GUPTA: The Institute for Financial Management and Research (IFMR), located in Chennai, Tamil Nadu. It's funded by the ICICI Bank in India. They work on capital markets issues. Under TASP, they helped us on IPO (initial public offering) issues. Today, India has one of the best IPO frameworks.

*Q: You were the person primarily responsible for this?*

GUPTA: Yes. I finally identified 18 NGOs, located both in Delhi and at the state level that we needed to work with. And for the first time in the history of USAID/India (and maybe even donors), we pre-negotiated approval to work with all 18. This meant we did not have to go back to seek case-by-case clearance. Unprecedented!

*Q: Were you at this point a contractor to USAID or a regular employee?*

GUPTA: I was a regular employee from day one. A Foreign Service National (FSN). I came in at Grade 11 and was made Grade 12 within two years, left USAID 22 years later at Grade 13/Step 12.

*Q: We ought to take a step back and find out – when you were thinking of moving away from the Bank and working for AID, how did that recruitment take place? Were you the one who initiated it?*

GUPTA: My colleagues at the World Bank were well aware of my yearning for ‘hands-on’ work. So, one of my colleague’s father mentioned the TASP position to his daughter. She mentioned my name and interest to her father, her father came to meet me – this led to a discussion with USAID/India.

*Q: One of the key elements in this story is turning out to be fathers.*

GUPTA: Networks. Fathers. Yes, you’re talking about Asia in the 1980s.

*Q: What was her name?*

GUPTA: Her name was Manisha Gupta.

*Q: Also a Gupta, but not related to you?*

GUPTA: No. We are Bengali Guptas, and they’re UP (Uttar Pradesh) Guptas. Big difference.

*Q: She was working for – her father worked for AID.*

GUPTA: She worked for the World Bank. She was my colleague. Her father, M.C. Gupta, was at USAID/India. I, actually, was in two minds whether to take the job.

*Q: Why not?*

GUPTA: USAID was considered to be a conduit for the CIA (Central Intelligence Agency) activities in India. Sometime back in the 1960s or 1970s, USAID was told to leave, I think because it was very closely identified with CIA activities. The Asia Foundation was also told to leave. There might’ve been other organizations.

*Q: Well, Asia Foundation really was. I guess subsequently, AID helped finance the Asia Foundation when it severed its relationships with CIA. But I didn’t realize it had been kicked out in the ‘60s?*

GUPTA: 1960s or ‘70s I think, I’d have to check for the exact date. It was during Indira Gandhi’s emergency rule, so it’d have to be sometimes in the ‘70s.

*Q: We’ll have to check that; I didn’t realize it had been closed down.*

GUPTA: Yes, they were so-called kicked out.

*Q: So there was a concern this was a CIA front. By the time you were back in India, it was back in India.*

GUPTA: Yes, it was back in India. You may be right – maybe it was never fully closed. Maybe the PL-480 aspect of it continued. I'm not sure. But when I came to USAID, all I know is that USAID was primarily limited to working in areas related to Science, Technology, and knowledge transfers.

*Q: I think I asked before whether you knew Owen Silke.*

GUPTA: He was before my time.

*Q: He was particularly involved in helping to establish that link in science and technology.*

GUPTA: When I came in, one of the activities under TASP was the Science and Technology Exchange Program (STEP), which was very well received both by the GOI as well as the U.S. By the time TASP ended, it had 24 activities under it. There was never an institutional contractor to manage TASP. I, therefore, managed TASP by myself. It was a very time consuming and management intensive project: I had to manage the overall project; some of the implementing partners under individual grants and contracts; directly manage a number of individual grants and contracts; and oversee a number of technical managers managing TASP activities from other technical offices! TASP activities ranged in duration from two weeks to five years with budgets that ranged from \$900 to \$5 million. They included invitational travel, short-term US-based development training, seminars/conferences/workshops/roundtables, policy-support, institutional strengthening, regulatory reform, infrastructure development, S&T exchanges, speakers' series, and so on and so forth! To manage TASP was like managing an octopus.  
(Laughter)

*Q: Was it exchange of individuals or were there university connections? Well never mind, you weren't involved in that part of it.*

GUPTA: Do you mean the S&T Exchange Program? No, but I did oversee it for at least a year, so I do remember some elements of it. I think it was personnel exchanges; so, Indians went to work in US R&D institutions and Americans came to work in Indian R&D institutions.

*Q: You were offered this job but didn't want to come to AID.*

GUPTA: Because of the stigma.

*Q: What convinced you to accept?*

GUPTA: The sheer frustration of trying to get out of policy work. I was so fed up of it.

*Q: Did you look at other job possibilities?*

GUPTA: No, I didn't. I was lethargic. I do remember, however, a colleague of mine trying to convince me to apply for the PhD program at LSE. I kept putting it off. My colleague (Sajitha Bashir), finally, forced me to fill-out the application over coffee; she dropped it off at the LSE during one of her London visits and to my surprise, I was accepted – and with financial support from an organization that wanted me to work for them for two years post PhD.

*Q: Attached to LSE?*

GUPTA: Not sure – maybe yes. Come to think of it, they must have been attached because why else would they provide financial support?

*Q: Maybe they had a contract with somebody... Anyway it doesn't matter. But you didn't go there?*

GUPTA: No, I had just returned to India after a long hiatus. I did not want to leave immediately. Sometime later, an offer came from Ataman Aksoy to join the South Africa division at the World Bank. But my reaction was the same – I had just returned to India after so long.

*Q: That would have meant coming back to Washington, right?*

GUPTA: Yes.

*Q: Do you remember – you were a Foreign Service national...*

GUPTA: Yes, I joined at grade 11.

*Q: I have no idea what that means.*

GUPTA: There are no formal grades beyond 12. I was promoted to a Grade 12 within two years of joining. I reached the last step of Grade 12 in 1998 and stayed at that salary level till three years before I left the mission in 2015 when three of us were promoted to Grade 13. It was very prestigious since it was the first time in the history of the US Mission (including the Embassy and other USG) that FSNs received this grade, however, there was really no major increase in salary levels. The result: All three of us finally left.

*Q: I see. So you were already very near the top of the grade level. You were taken in as a professional –*

GUPTA: “Senior professional.”

*Q: Senior professional.*

GUPTA: Because TASP was a big project to manage, so the position was at a senior level.

*Q: Were AID salaries good at that time?*

GUPTA: When I moved to USAID, I got a 20% hike over what I was earning at the World Bank.

*Q: At the World Bank were you a consultant?*

GUPTA: They called me an Economist. In a sense, I think all hires at the World Bank were Consultants unless you come in through the YP program or the Headquarters. Now I believe, they only hire Consultants.

*Q: You were project-related?*

GUPTA: I came-in on a short-term project but then was absorbed into the PREM division at NDO (the New Delhi Office). Unfortunately for me, shortly after I left the Bank, World Bank salaries were hiked three times what they were. I think they called it a correction.

*Q: I remember. This was Jim Wolfensohn at the Bank, wasn't it, who decided in '95 or '96, something like that? That was one of the first things he did.*

GUPTA: Yes. Always my bad timing. Similarly, shortly after I left USAID/India in 2015, I believe the salary for Grade 13 doubled! Again a market correction. Because of the salary issues, the Mission began to fail attracting good candidates. On numerous occasions, I remember, coming out of interview panels and recommending to HR to re-advertise the position. Many times, we would successfully recruit but after a week find the candidate had declined. You know Alex, an organization is only as good as its personnel. USAID/India did okay as long as the old staff members were there. But as they retired or left for more lucrative offers, I think the quality of the work began to considerably suffer.

This was also the time when USAID/Washington began to hire NEPs (New Entry Professionals) to fill the void created by Direct Hire retrenchment. USAID/Washington apparently had not recruited for a while given the budget and earmark swings. Also, the IDI (International Development Interns) program had also taken a hit because of budget constraints. They thought that bringing mid-career folks would help to quickly build-up the skill base. Unfortunately, while the NEPs may've been technically skilled, most lacked the required diplomatic skills and cultural sensitivities. Some were very rude to local partners and staff. This did little to build-up Mission morale or create a conducive work environment. Overall the program was not very successful.

Subsequently, USAID decided to terminate the NEP program and revamp the IDI program. Now we had a situation where the Missions was abuzz with IDIs. The majority of IDIs lacked both the 'technical' skill base as well as the 'diplomatic' skill base. However, AID/Washington's directive was to make the IDIs feel wanted. So, senior

management and the Front Office started to uproot experienced local hires and replace them with the IDIs. This alienated local staff further – who had served the missions well when the missions lacked the required Direct Hire personnel. As a result, we lost many very good local hires and with them, the institutional knowledge base. So now, USAID is trying to bring FSN salaries close to the level India’s private sector and other donors are offering.

*Q: When did they do that?*

GUPTA: After I left.

*Q: You should keep leaving! I’m sure the other employees ...*

GUPTA: (Laughter) When I joined, my colleagues who’d joined with me were exceptionally qualified. The Direct Hires were also technical experts in their own fields with considerable hands-on experience. Most had come from the Peace Corp, so they were culturally sensitive and diplomatic.

*Q: This would be when?*

GUPTA: 1993-1994.

*Q: Are you saying this is because – despite the CIA concern, this is where good people recognized they could find a job and there were not that many alternatives?*

GUPTA: Back then, compared to Indian organizations, USAID/India paid well.

*Q: What about – were there other foreign investors or?*

GUPTA: Not that much.

*Q: In those days there were not that many? I interrupted you; the quality of people who came in with you were top notch?*

GUPTA: I would say so. I learned more from my FSN colleagues than my supervisors. Unfortunately, during my tenure, I saw standards go down.

*Q: Why do you think that was?*

GUPTA: Because the salary structure was so dismal. India had grown; the private sector was now paying good money.

*Q: So it’s not that there were fewer good people, it’s that the competition was so great that people decided this was not worth it.*

GUPTA: Even DFID (Department for International Development, the British donor agency) was paying more than us. Which was sad, because we were the Americans. There was an ego issue here! (Laughter) Even the Aussies paid better than us. Of course, ADB, IMF, the World Bank, and the EU (European Union) always paid better than us. By the time I left, most people were leaving for better opportunities.

When I joined, the India mission was a prize position. We had the senior-most Direct Hire with development experience coming to serve at the Mission. I worked with people who not only knew development but felt development. Nowadays, not too many possess that passion or cultural sensitivities; most rarely make it a point to understand local customs. A big draw now is the hardship allowance. I've seen a sea change. I want to quote three sayings that one of my favorite Mission Director's, Walter North, use to say.

*Q: You were going to quote three things from one of the directors?*

GUPTA: Yes, 1) only do jobs that light a fire (passion) in your belly; 2) always write so that your grandmother can understand; and 3) always ask the 'so what' question - how does what you do affect the guy running the tea stall down the street. I try to live by these three rules. Another favorite Mission Director once told me that what's important at the end of the day is: 1) the friends you make; 2) the memories you make; and 3) the difference you make – and I try to live (maybe not very successfully) by these mottos.

Walter went-on to become Ambassador. I especially appreciate his second point, having worked at the World Bank and knowing what constipated writing looks like – with no redundant sentence in between. Many times we hide behind long-winded, technical jargons that we don't know what they mean.

*Q: Economists are as a general rule terrible writers anyway.*

GUPTA: Absolutely.

*Q: Would doubling (the salary) make enough of a difference?*

GUPTA: Indian corporations pay very well now. So, I don't know whether USAID will be able to attract the best of the best.

*Q: Doubling may not even?*

GUPTA: Well, it's a beginning (Laughter)

*Q: If you look at the grand arc, this decline in the quality that you note – can you pinpoint that? Did it happen gradually over 22 years? Or is there a point where it began to be evident?*

GUPTA: I think it happened gradually but became very sharp from 2000 onwards. If you remember, 2000 to 2007 was the boom period in global economic growth. So, there was a

lot of private sector growth in India. A lot of the multinationals came in. Even the GOI introduced tremendous pay hikes for their staff.

*Q: Civil service jobs were increased?*

GUPTA: Not the number of jobs – but the pay.

*Q: That's a vast number of people. All the way from ministers to the locals.*

GUPTA: Absolutely.

*Q: Would you say this decline that you particularly marked from 2000 on was a function primarily of salary and competition? Or is there something else about how the AID mission were run or the bureaucracy?*

GUPTA: Two things. The salary levels as well as the decreasing levels of U.S. foreign development assistance.

*Q: Because funding was miniscule and not significant, that contributed to people saying "Why should I work there?"*

GUPTA: Yes. Reduction in funding levels and volatility in earmarks brought-in an air of uncertainty. And as you know, from businesses to individuals, no one likes 'uncertainty'. The first major change came to the mission in 1998 with India tested its nuclear capacity. The Glenn Amendment dictated that only activities deemed as 'humanitarian' could go forward. All others had to be closed-down. So, portfolios were cut and staff retrenched; the second major change came with President Clinton's 2000 visit when portfolios were revived again and we began hiring. But a different set of earmarks ruled. This did not last for long; the third major change came close on the heels of the POTUS visit, when the US administration changed – the earmarks changed drastically and the GOI added fuel to fire with their 'India shining' campaign that questioned the rationale of continued development assistance to India. Discussions on whether to close the India mission began; the fourth change came with the global economic downturn. The RIF came into effect. And so on so forth ..... we've been riding a veritable roller coaster! Surrounding these sporadic shocks was the general suspicion about U.S. support to India, a residual from the Cold War era when the U.S. sided with Pakistan and Russia sided with India. For example, everyone recognized that the only reason the Glenn Amendment was lifted on India was because it was lifted on Pakistan.

*Q: Because of the perceived favoritism to Pakistan?*

GUPTA: Yes.

*Q: Back to the first job you had with AID. That was very specifically for this technical assistance?*

GUPTA: Yes. So, the first success under TASP was to obtain blanket approval to work with multiple NGOs – going down to the state level.

The second was to successfully structure TASP so that we could fund ‘proof of concepts’ with its funds. So we used TASP to home grow and test-out potential future projects – such as our assistance to capital markets reform, or strengthening local governments and decentralization to promote better service delivery, and to promote informed decision-making through fiscal transparency. All the above resulted into large USAID/India flagship projects – all incubated under TASP.

Third was to successfully introduce short-term policy-based participatory training for GOI officials that targeted policy-makers at the Center and at the state level. All were US-based. While in the U.S., we made sure that they were introduced to their U.S. counterparts and saw impact of policy-reforms on the ground.

Fourth success was to use this flexible funding mechanism to design activities that helped India see both the costs and benefits of economic reform and structural adjustments, and both in developed as well as developing countries. The flexibility allowed for co-design between us and the GOI – making the activities more useful to our host. So from policy reform to speakers series to twinning of institutions to focused conferences and seminars – all had an element of co-design. This flexibility allowed us to take risks under TASP because we shared the risk with our host. For example, when we first brought-in Jeff Sachs under our Distinguished Authors Series, the mission director called me into his office to say, “Madhumita, you’re taking a risk, you’re bringing Jeff Sachs; the whole thing can backfire.” At the time, Jeff Sachs didn’t have a very good reputation; he’d made a mess in Poland, Russia. But because of the close collaboration we’d developed under TASP with the GOI, we were confident it wouldn’t backfire.

*Q: Was he (Jeff Sachs) working in India?*

GUPTA: No, not until we brought him to India under TASP.

*Q: But you got him to come for this program?*

GUPTA: Yes. Since then, Sachs has continued to come to India and serve on the development advisory committees of several Indian states governments.

*Q: I hope he gave you a commission for helping to organize it!*

GUPTA: We’re the minions.

*Q: That’s fascinating. He is very controversial.*

GUPTA: What I’ve always found in life is that you have to take some risks – albeit calculated.

*Q: Also it's been my impression that nobody enjoys an argument more about a subject than Indians.*

GUPTA: (Laughter) The Argumentative Indian!

*Q: So that's part of the natural order of things. Having somebody they can bounce ideas off and argue with, no matter what the subject, is kind of a national characteristic, right?*

GUPTA: Yes.

*Q: So bringing in Jeff Sachs was a stimulating opportunity for them.*

GUPTA: At the end, that's what happened.

Okay, to get back to the success under TASP:

Fifth was the successful promotion of the institutional linkages under TASP. When you connect economists with fellow economists in another institution in another country, you know that link's going to be there for a while.

Sixth, the successful integration of media in all TASP activities. Both the print and the electronic media were invited to observe and learn about economic reforms, leading to better reporting and creating champions of change.

*Q: Where did you send them?*

GUPTA: For short-term training? To several organizations - INTRADOS, CFED, Boston Institute of Development (BID), etc.

*Q: They arranged for the training programs? These were three months? A year?*

GUPTA: None of them were more than three weeks. The participants were all senior policy-makers who couldn't be away from their jobs for too long.

*Q: Did you do the selection?*

GUPTA: The candidates were always identified by the GOI. However, we gave them very strict profiles of who we were looking for. Sometimes these profiles helped to pinpoint down to the specific individual. These profiles/descriptions were written by me.

*Q: When they came back were their evaluations to demonstrate they were able to take advantage of that training? Do you have a sense how well that worked? I've long thought some of the most important programs AID carried out were the participant training programs, short and long-term, and AID does very little of that these days.*

GUPTA: As you know the government is hierarchical. The participants were joint secretaries, director's and up. By the time I left USAID, most of the participants had risen to rank of secretaries and additional secretaries; they were now at the very top of their ladder - and they all remembered us. We had slowly created multiple champions within the ranks of senior policy-makers -- not because of classroom training but because they saw the results of similar interventions while in the U.S.

*Q: It wasn't simply the training, but an exposure they always remembered and linked to their AID experience?*

GUPTA: Absolutely. We had developed very good relationships with most of these senior-most government officials. This was exceptionally instrumental in getting other programs through.

*Q: You left AID just a few months ago, right?*

GUPTA: No, I left in January of 2015 because my father was not well.

*Q: But in recent years – is my impression correct that AID has done very little of that kind of ...*

GUPTA: We killed it.

*Q: By killing it, we killed the benefits you were able to accrue in the 1990s...*

GUPTA: Yes but the sad part was that the recent in-coming Direct Hires never knew the benefits they missed – so they never valued such programs. By 2008, we had mostly killed the development training program.

*Q: That's true worldwide. The words 'participant training' hardly enter into the lingo.*

*If you look back at your 22 years with AID, even your three years at the Bank, do you look upon this TASP project as the one you are most pleased with, that was most successful? Was this just interesting and productive at its time but you did other things that were equally significant?*

GUPTA: Yes, I think it was tremendously useful in creating a foundation for advancing the reform dialogue. One tends to forget how important this was. India was a country that was closed for almost 60 years. It was hard to even accept that a dialogue was possible. TASP made it sexy and acceptable I think. It allowed people to ask questions and seek clarifications without feeling foolish because of the way we designed the interventions. And as I said, we could take risks without having to make large investments because of TASP's inherent flexibility. We created platforms where Indians could lead Indians and we stayed in the background.

Later on, I went on to do many complicated, technical interventions. However, we would not have been able to do these without the foundation TASP had created.

*Q: I wanted to ask whether you thought, if you were to ask some of the Indian officials now retired presumably, to think back to that period, would they be equally enthusiastic about it?*

GUPTA: Hands down.

*Q: So if we went to Manmohan Singh and asked him the significance of this AID-supported project?*

GUPTA: I think you'd have to remind him. After all, he was the Prime Minister and exposed to many things (Smile!). However, he was our speaker at several TASP activities. He was Finance Minister at the time, and he participated. TASP helped to expose senior leadership to new concepts, tools and techniques and internationally renowned experts that they, otherwise, would not have had access to. Also, to test proof of concepts without having to make large investments. These helped them to make informed decisions, create champions of change, and draw strength from the experience of others that had gone down similar paths. Large multilaterals do not have such flexible instruments at their disposal.

*Q: In terms of significant impact on the direction of economic program of the nation of India, this AID supported project with which you were involved was one of the most important?*

GUPTA: As I said, TASP created the foundation. It also created lasting linkages where India can continue to learn and build on without our intervention. For example, the institutional linkages we created under TASP, have years later, led to partnerships such as the one between NCAER and the Brookings Institute – a collaboration that resulted in one of India's first annual international policy journals.

*Q: This dates back to a linkage you established?*

GUPTA: Initially, yes.

*Q: Did the mission in India every do a history of the role of USAID in India?*

GUPTA: Yes. We have the '50-year commemorative paper' that was collated by Barbara Bever.

*Q: So this description you've just given in brief form doesn't appear in a form that people working on India or AID would necessarily know unless they happen to have been there at the time?*

GUPTA: No. The new generation employees would not know - nor would it be significant. I mean, it's like if you had a motor car and someone laid the first paved road to demonstrate its benefit to the motor car. Whoever would remember that? It'd be insignificant now with millions of miles of paved roads, highways and byways and flyovers that we have.

*Q: They don't know about the beginning.*

GUPTA: And it's not significant..... But the lessons from TASP could be significant to another country that's just beginning to open-up. And, I have to say, I continued to benefit from lessons learnt from TASP while designing activities and projects later on.

*Q: Remind me again of what TASP stands for.*

GUPTA: Technical Assistance and Support Project. You can track down my supervisor, John O'Rourke – who guided me so well under TASP. I believe he's still a consultant in the USAID circuit.

*Q: The reason I'm pursuing this is not simply because I think it's important for the oral history and your role and how you were able to be part of this. But we've been trying to think of a way of how to get USAID's 55 year history of development experience because we think it is important for this younger generation of AID people to know about what we've learned from the past. Getting this history written...*

GUPTA: Of all the things we've done – and we've done lots – I think TASP played a pivotal role. It created that enabling environment and the absorptive capacity that slowly helped light the match for behavior change.

*Q: This is Alex Shakow and this is the second section of Madhumita Gupta's oral history interview. It is the 5<sup>th</sup> of December, 2016. Welcome again. We left off the first discussion where you were describing some of your experiences as a Foreign Service national and the concerns you had with the most recent efforts at trying to bring in good people to USAID Delhi, given the other kinds of pressures. But you were also describing the program you worked on which was this Technical Assistance Support Project, TASP, and your overall concern that most people working in USAID today don't really know what went on before and have no idea what it takes to have the kind of programs and activities and development that's underway today, India and the role that USAID may have played early on. You were pleased with the impact TASP had. Today we're going to look more broadly at what kinds of things you have seen as lessons of what has come out over the 22 years or so that you worked with USAID. That is what I think we're going to focus on today though we're happy to have you comment on anything you think is important, for people to know about your experience and what you've learned from that. But probably it would be useful to remind me very briefly of when you joined USAID Delhi and what kinds of job you've had over the 22 years you worked there, as a little bit of background before you talk about the kinds of lessons that have been learned. Does that make sense?*

GUPTA: Absolutely.

I joined USAID/India September 23, 1992. Over the 22 years, I've held around 12 positions!

I joined the Office of Program Development and Economic Growth (PDEG) as the Economic Project Management Specialist at Grade 11. My supervisor was Jon O'Rourke and the Mission Director was Walter Bollinger with Steve Mintz as the Deputy Mission Director, a lovely man who has since passed away. As I've mentioned, I was hired to refocus TASP to support the GOI on its unprecedented economic liberalization program. I won't go into TASP, I think we've discussed it in great length.

Within two years, I was promoted Deputy Director, PDEG and then subsequently, promoted to Grade 12 and given the added title of the Mission Economist. I don't recall the exact dates.

*Q: Had that position normally been held by an expatriate?*

GUPTA: I'm not really sure. Maybe. I think my Office Director, John O'Rourke, a Direct Hire, had held the position. Jon was very meticulous. Everything we said or did had to be substantiated, documented. I learned a lot of work discipline from him, a lot of office protocol and that has served me well till this day.

Jon left and Peter Thorman came-in as our Office Director. Both Walter and Steve left and Linda Morse and Terry Myers came in as the Mission Director and Deputy Mission Director, respectively. In 1998, India tested its nuclear capacity and the Glenn Amendment went into effect. The Amendment mandated that all programs except for those deemed 'humanitarian' had to be terminated. I remember this very well because I was tasked with writing the initial draft of the SIP (Sanction Implementation Plan). It was a challenging document to write. First, I had to identify and second, justify which programs should go forward and which ones would have to be terminated. I suddenly developed lots of 'best friends' (Laughter). From the Mission's perspective, it was in our interest to keep as many programs alive as possible but from the larger USG perspective and in keeping to the spirit of the Glenn Amendment, all 'non-humanitarian' programs had to end. At the end, of course with help from various technical offices, I did manage to justify the continuation of several mission activities. The hardest project to defend was mine – 'TASP' since it was directly focused on economic growth. So, I desegregated the project component-by-component and teased out all the activities (grants and contracts) that I could link to poverty alleviation and thus deem them 'humanitarian'. I managed to make the justification for enough activities under TASP to finally save the project as a whole. However, we lost its initial essence and flexibility. We also lost many of the champions we'd created in the GOI for reforms – this was the greatest loss of all! So, what took five years to cultivate (1992 to 1998) we lost in two years (1999 – 2000). I actually received an award for the SIP. (Laughter)

After the economic growth portfolio terminated under the Glenn Amendment, PDEG became SPO (Program Support Office). Peter Thorman continued as head of SPO. Peter encouraged us to explore new directions, while keeping to spirit of the Amendment. He always gave us the independence to take risks - but we could always count on him to defend us if ever the situation arose. So, I began to explore Information and Communications Technology (ICT) – an emerging sector. Indians had been doing exceptionally well in Silicon Valley, USA. But from India's perspective, it was basically the export of brains, a brain drain that had little direct impact on India. However, their success in Silicon Valley, suddenly gave India global prominence, as an emerging leader in ICT. Creative minds began using this newly discovered tool to test how it could support and promote social change, education, healthcare, reduce drudgery. This was exciting, it was also in the realm of humanitarian assistance! So, I started to explore and develop possible interventions. The Mission appointed me as the Mission's ICT Coordinator, a title that I held till I left USAID/India. I researched and started making presentations at different donor forums. We caught the eye of the GOI and even the larger donor community and Indian NGOs; they began to see USAID/India as a leader in this field.

During this period, USAID was also moving towards Strategic Objective (SO) Team-based approach. The rationale was that a multi-disciplinary approach would lead to better achievement of outcomes. Having people from multiple backgrounds on technical team would lead to greater cross-fertilization of ideas and generate creativity in our development approach. Support Office staff was to be co-located in specific SO teams to increase ownership and serve them better.

The Bangladesh Mission was an early adapter, a pilot mission (a lab). It was already structured into SO-team. So, USAID/India identified a small team of five people, led by the Deputy Mission Director, Terry Myers. Peter Thorman and I were also part of the team. We went to Bangladesh to absorb and see for ourselves the cost-benefit of this approach. We were there for two days. At the end of our stay, Terry asked each one of us to make our observations. I was the last to present. When I finished, Terry said "Madhumita, I want you to write-up your observations and make the presentation to the Bangladesh Mission on our findings and conclusions." It was an overnight job and I presented my finding to USAID/Bangladesh in the morning. I was asked to repeat my presentation back at USAID/India. Subsequently, Terry appointed me as the Mission's Team Coordinator to help lead the charge on SO teams. Everyone was so excited – I really didn't need to do much! (Laughter).

*Q: Did you manage to get the mission operating?*

GUPTA: Yes, by the time the next five-year strategy exercise began, we were all organized into SO Teams. Peter's term was also up and we had a new Office Director.

*Q: Who was that?*

GUPTA: David Robinson. He took over as Office Director, SPO. David was a very kind and gentle man. Unfortunately, six months after he joined us, David suddenly passed away of a heart attack. His death was mid USAID bid-cycle. We were told that we would not have a new Office Director for at least six to nine months! A POTUS (President of the United States) visit was in the offing. With a Presidential visit on hand, program office activities became very hectic with multiple USG agencies involved. USAID had a very large role to play; the White House had informed our Front Office that President Clinton wanted to see as many of our projects as possible. We were also expected to begin the next USAID/India's five year-strategy exercise as well as host the first ever multi-mission training for Program Office staff (David had initiated this before his death). The mid-year portfolio reviews were in progress and, staff evaluations were due..... In the midst of all this, I was made Acting Program Office Director! It was Baptism by fire!!! (Laughter)

I was also requested by Front Office to work on an ICT deliverable for the POTUS visit; this was an area of special interest for Al Gore. I was told that President Clinton would announce this initiative while in India. Yes, Wow! So, I immediately pulled together a team of experts from DC; I was no technical ICT expert! Dennis Foote and Jonathan Metzger was sent out from DC and we designed a very innovative and exciting program. The program we had designed was announced by President Clinton during his visit in Hyderabad. I was the site officer for the event – and a very proud moment! I shook President Clinton's hand and had a conversation with him – it was thrilling! In fact, I shook his hand three times (Oh! So many stories to tell of his visit!). In fact, during my tenure at USAID/India, we had three POTUS visits (President Clinton, President Bush, and President Obama). I designed events and was site officer for all three of them. For Present Bush's visit, I was a site officer for Laura Bush. I arranged for her to participate in the filming of a 'Galli Galli Sim Sim' (or Sesame Street India) episode. I was Project Officer for Galli Galli Sim Sim and was very proud of this activity. I had invested \$500,000 of mission funds but leveraged almost \$30 million of private sector funds to produce and broadcast this program (in most missions, the missions usually foot this bill). For the first time, I saw hard-nosed marines melt in front of Muppets (Laughter). For President Obama, I helped organize a Round Table on Innovation and a luncheon with leading economists and parliamentarians.

Anyway, getting back to my role as Acting Program Officer, I don't know how I kept it all together through this phase. To this day, I'm deeply indebted to the Program Office staff (FSNs) who achieved herculean tasks at a moment's notice. Without such support, we couldn't have delivered what we did. During this visit, Walter North, our Mission Director was away. So, Jim Bever, our very energetic and very able Deputy Mission Director was in charge. I, as well as my staff, received formal recognition and awards.

During President Clinton's visit, the economic sanctions on India were lifted. So, our next task was to begin work on the next five year USAID/India development strategy. Thankfully, as we were about to begin the exercise, our new office Director arrived – Jerry Tarter – a first rate Program Officer. It was exciting because without the sanctions, we could fund non-humanitarian projects now. So, Economic Growth was back on the

table! I was asked to lead the effort. I had lots of assistance from the old economic growth team. With Jerry on board, I could now focus on developing the economic growth strategy, the ICT strategy, and writing the economic background sections for the strategy. I had the honor of being the first FSN to be selected as part of the team who came to Washington to present the strategy. The team consisted of: Mission Director Walter North, Program Office Director Jerry Tarter, Social Development Office Director Carla Barbiero, and me, in my capacity of the Mission Economist, Mission ICT Coordinator, and Deputy Program Office Director. I presented the economic growth and ICT strategies to Janet Ballantyne and the Washington team. Both were approved without a question. I was in seventh heaven!

*Q: Did the people in Washington seem shocked to see a Foreign Service national?*

GUPTA: They did. I believe I created a bit of a buzz. (Laughter) I was quite surprised. What surprised me more was that years later I would meet someone and they would say, “Oh, you were the little girl who came to present the economic growth strategy.” And I’d say, “I wasn’t so little!”

*Q: Have you seen Janet Ballantyne since?*

GUPTA: I did, I saw her at the USAID Alumni Association meeting the other day.

*Q: Did she remember ?*

GUPTA: No, of course not, I was just a one-time presenter. But I did go up to her and say, “Janet, do you remember me? I came to present the ....” She was very gracious, and said “Yes” but I’m sure she was just being polite.

*Q: I’m sorry I interrupted you.*

GUPTA: Before Jerry Tarter had arrived, Walter North had requested me, as Mission Economist and Acting Program Office Director, to draft an assessment of the last mission strategy. He wanted to know how the strategy had performed overall. Did it achieve what it set out to achieve and what were the lessons learnt. It was a quick and dirty job. However, it was the first time that such an assessment was conducted. Walter was very pleased with the draft and labelled it as final – without a tweak! That was a huge compliment coming from Walter. (Smile) It was used as a point of departure for our next strategy when Jerry arrived. Walter had also encouraged us to wipe all ‘biases’ and ‘old programs’ off the table – and identify current and emerging challenges – and what role we could play in addressing them.

With the reinstatement of the EG portfolio, we started to assess India’s immediate needs and challenges. The area I focused on was India’s increasing revenue deficit that was threatening its entire growth process. The objective was to present to the GOI the tools and techniques necessary to help implement hard budget constraints and achieve fiscal consolidation – in other words, help India make informed choices. In the process, we also

wanted to help GOI introduce and improve fiduciary transparency and accountability. ....  
A challenge in any economy!

So, we designed “REFORM”. It focused on revenue forecasting, expenditure management, debt and investment management, and project appraisal techniques. This was the first time that USG was allowed to work in this area; the GOI had always been very careful to keep the Americans out of their fiscal matters. REFORM was also the first in the mission to establish state-level offices to implement this project. We established offices in three India states: Jharkhand in the east, Uttarakhand in the north, and Karnataka in the south. We co-designed REFORM with the MOG/GOI to ensure buy-in right from the start. We had designed a very good project and it was publicly applauded by the ministry of Finance. Drawing lessons from TASP, we began the project design by hosting the first ever multi-stakeholder roundtable to review how other federally-structured countries dealt with hard budget constraints. I had always found it useful to demonstrate the results of similar interventions in other countries. The countries we choose were Brazil, Russia, U.S., Canada, Australia, Argentina and Germany – all large federally structured countries like India. Experts from these countries (ex-finance ministers, federal bank heads, academics, policymakers) were invited to present papers. The res reps from the World Bank, IMF, ADB, DFID, etc. also attended to discuss how they could support our initiative. The papers responded to specific questions from the MOF – an approach that made the papers far more relevant to the MOF. We had brilliant counterparts working with us from the MOF – first, Dr. Banerjee (who, unfortunately, has since passed away. He taught me so many things on budgeting), next Mr. Garg and finally Mr. Senthil. Two sets of exchange visits followed that I led. We took the MOF team to five of these countries to see how things worked on the ground. The final report, drafted by Roy Bahl and his team from Georgia State was invaluable. I used this report to help design the multi-year multi-million dollar REFORM project. I also developed and incorporated some innovative ways to track the progress of this multi-sector, multi-state activity. Over 18 experts worked on this project simultaneously.

Some of the results we achieved at the end of the project were: 1) For the first time, establishment of fiscal policy analysis cells and institutes to promote research, evaluate and promote informed decision-making - and with the state governments own funds; 2) for the first time, use of the COMSEC (Commonwealth Secretariat’s) debt management tool to manage debt at the subnational level; 3) use of the project appraisal methodology introduced by Duke University under REFORM by ADB to train their officers; 4) policy changes in the MOF’s hard budget constraint policies as a result of what they saw during the exchange visits; 5) for the first time, introduction of outcome-based budgeting by state governments in some of their departments; 6) for the first time, establishment of a public investment management cell in Karnataka; 7) production of a six volume fiscal management compendium by the REFORM team to help guide Indian state governments in fiscal management. I helped edit as well as wrote the Overview section. I think it’s still being used by state governments.

All the above was achieved within three years. Due to severe budget cuts, REFORM was truncated from a five-year program to a three-year program. The GOI was both baffled,

disappointed and somewhat miffed with us. They could not fathom, how, after all we went through to negotiate the project, we could just move away with the job half done. This was the uncertainty I was talking about earlier. The ICT intervention that we had designed and that President Clinton had announced as a deliverable to the GOI, as shot down even before it left the barn; the Bush Administration considered it too closely associated with Al Gore's initiatives.

*Q: How did you find this Duke University project appraisal system? Did somebody from AID Washington?*

GUPTA: No. The institutional contractor for REFORM, BearingPoint, helped to identify them. We had some very technically competent experts in the BearingPoint team and very, very enthusiastic Chief of Party, Robert Voetsch.

*Q: You were able to get this kind of thing introduced?*

GUPTA: Yes, and I think the reason was because we worked so closely with the government right from the start.

*Q: So you were relying on outside contractors? That's where Duke came in?*

GUPTA: Yes, Duke University, Georgia State and of course BearingPoint. Unfortunately, in 2007, the USAID/India mission was hit by RIF and the Economic Growth office was terminated – again!

*Q: The RIFs came because?*

GUPTA: Large cuts in the foreign assistance budget on the heels of the global financial melt-down. So, selected missions were told to cut back. I think India was also responsible for this. The "India Shining" slogan under Prime Minister Vajpayee raised the question, "why should we continue with development assistance to India when India itself was telling us that it'd arrived?"

When the RIF was announced, I handed in my resignation. As one of the senior most staff members, I was not Riffed. RIF considerations, I think, was based on a 'last in, first out (LIFO)' basis. I was seriously negotiating with the World Bank to join their public finance team in PREM. I had asked my mother if that would be a good move and she had said 'yes'. Unfortunately, my mother was suddenly diagnosed with stage four cancer, my father had just had a double bypass – so the timing was not right to make the move. A new job means long hours and hard work to prove oneself – even though I was going back to my old organization. My mother and my father needed the attention and care now. George Deikun, my Mission Director had, ever since I'd announced my intention to leave, trying to persuade me to stay on. So, given my mother's illness, I withdrew my resignation. USAID/India could not have been more kind. The Front Office (George Deikun and Beth Hogan) and my direct supervisor (Rebecca Black) were literally like my

fairy godparents. I was given support beyond my expectations. I can never pay their kindness... This was my third and last attempt to leave USAID/India.

*Q: Would this have been a move to Washington or still in India?*

GUPTA: This time the World Bank position would've been in India. In fact, at World Bank's invitation, I'd even gone to present a paper on outcome-based budgeting in Orissa. In hindsight, I have to wonder if I made the right decision. Financially, I may have been far better off if I'd made the move to the Bank. USG is not a very good pay master for the locals and certainly places us at a disadvantage when we come to the U.S.

The first time I tried to leave USAID/India was in 1997 when India had tested its nuclear capacity. With the demise of the Economic Growth portfolio, I'd applied for and was accepted to the position of Chief Economist at the UNDP (United Nations Development Program) Delhi Office. We've already discussed the economic sanctions imposed on India at that time in detail. Brenda McSweeney was the UNDP/India Res Rep at the time. She apparently knew Peter Thorman very well and did not realize that he was my direct supervisor. So, she discussed me with Peter. This got to my Front Office. Linda Morse who was then Mission Director (and has since passed away) and who rarely came to anybody's office, came to mine, stood at the doorway and spoke to me for 45 minutes, arguing why I should stay. At the end, I was so touched by her gesture that I went back to UNDP and said, "Sorry I'm going to stay-on because my Mission Director tells me there will be a role for me."

Anyway, getting back to 2008, George Deikun was delighted with my final decision. So I became the Deputy Director of the General Development Office (GDO). We were a collection of the last vestige from technical offices that had been closed down (economic growth, environment, social development). We began to manage a mish-mash of small activities – everything except health. The plan was to close out GDO after some of the on-going activities came to an end. I was told that in the long-run, I would metamorph into the Health Economist. Then came the sudden turnaround. I think it was President Obama's second term. We were suddenly flushed with funds and instructed to design a 'pie-in-the-sky' strategy.

This turnaround led to the establishment of the SAGE (Special Activities, Governance and Education) Office. I was made the SAGE Office Director. This was the first time in the history of the Indian Mission (that includes the Embassy and all USG agencies) that an FSN was made into a regular office director. I was in that position for about three years. I set-up this new office, recruited staff, chose the office name. I also led the design of the education strategy. We were given to manage a number of very sensitive programs and activities (such as Presidential and Congressional initiatives – even working directly with the White House) and activities that tried to leverage innovations. I had to bring to bear all my technical, management and diplomatic skills to run SAGE!

*Q: What was the office called?*

GUPTA: SAGE – Office of Special Activities, Governance, and Education.

It was also time for the next five-year Mission Country Development Cooperation Strategy – or CDCS. We were encouraged to leverage STIP (Science, Technology, Innovation and Partnerships) to accelerate and achieve our intended results. The Front Office (the very strategic Mission Director Erin Soto and the very energetic Deputy Mission Director Elizabeth (Liz) Warfield) led the charge. Although we were flushed with funds, we were told by Nisha Biswal that given India’s growing robust economy and an equally robust private sector, the focus should be one of an equal partner with India in going forward. This meant that India (writ large) had to match or even surpass our funding levels. Nisha admitted that it’d hard to justify to do ‘business as usual’ in India given India’s economic growth rates. So, the new Strategy made a pivotal shift from all past strategies. Its objective was to leverage each US development dollar invested through the use of S&T, innovations, non-traditional finances, and/or implementing partners. As Mission Economist and Office Director of SAGE, I became an integral part of the Mission’s strategy core team.

*Q: You had an extraordinarily broad experience...*

GUPTA: I don’t know whether this ‘broad experience’ really pays off in the end. I’m in search of a job right now in DC. I, personally think, recruiters like folks with ‘specialization’ (Laughter). It’s hard to market a Jack of All Trades!

*Q: If you were in a mission, you would be invaluable.*

GUPTA: Unfortunately, I’m not in a mission anymore!

Under the new STIP strategy, we had recommended that there be a CIP (Center for Innovation and Partnership). Once the CIP Office was established, I along with two Direct Hires were requested to move in as Senior Advisors. We were at the rank of Office Directors and reported directly to Deputy Mission Director in the Front office. As senior advisors, our responsibility was to help technical offices shift their traditional programs onto the STIP platform. One of my additional responsibilities was to help develop an evaluation strategy to measure and assess ‘innovations’. CIP was my last position at the Mission. I finally left USAID/India after almost 22 years.

*Q: So you left AID in?*

GUPTA: January of 2015.

*Q: Now we’re going to talk about lessons learned.*

GUPTA: Yes, I thought given the time limit, I’ll focus on two critical lessons learnt.

First, on what makes USAID field missions ‘relevant’, especially in a constantly changing environment. And second, on what makes our development assistance/interventions ‘sustainable’. These are from the context of India, of course.

First, ‘relevancy’: In India, all donors combined, account for less than seven percent of India’s development budget; USAID accounts for around half a percent. Under this scenario, to be relevant, physical visibility helps. In the 1960s and 1970s when USAID was involved in large infrastructure projects and local citizens saw the big power plants go up or dams built or roads laid, our relevancy was obvious. We were equally relevant when we provided food aid under PL-480. People saw the direct benefit of our intervention. Large physical educational institutions and hospital also made us visible and relevant for similar reasons. However, when we moved away from the large physical projects to policy, regulatory and institutional reform, our contributions were less easy to discern. Consequently, young Indians, who had not seen the large projects we funded earlier, did not know who we were anymore. This increasing lack of visibility was further compounded from budget cuts. The GOI openly admitted that it cost them more to administer our programs than the benefits they received from them. In fact, about 10 or 12 years ago, the GOI requested 15 bilateral donors to leave India on these grounds. We even began to lose our seat at the donors’ table. The flip flop on earmarks created further uncertainty and thus, our relevance.

*Q: To fill in. You said that earlier on you had gone back to look at some of the earlier strategies. Is your knowledge about this period based on having looked at the documents that were written in that period, or something separate?*

GUPTA: Yes, from those documents .... also, from information compiled during USAID/India’s 50<sup>th</sup> anniversary celebrations. The document produced captured how USAID presence in India had evolved.

*Q: This document is available?*

GUPTA: The 50<sup>th</sup> Anniversary Document? Yes, I think it’s available in the Delhi office.

Although, the GOI administrative ministry (DEA) will tell us that there is now a limited role for foreign development assistance (that India has enough funds), the technical ministries would say otherwise. Lessons learnt tell us that:

- 1) Donor assistance, even though we work at the margin, give technical ministries flexibility. Flexibility to: Test proof of concepts (new approaches); bring expensive technical experts on board (GOI rules prevent ministries paying consultants rates beyond then what they pay their staff); and circumvent bureaucratic procedures.
- 2) External donors have first-hand access of development experience from across the world and thus, can help identify and cross-fertilize appropriate solutions and ideas between countries. This comes with years of experience in working in

different countries and seeing the context within which certain solutions and ideas work.

- 3) At times, host countries prefer the involvement of external agencies because they help, to a degree, keep nepotism and prejudices out, give the efforts an air of international legitimacy, and also a cover to implement something that might otherwise be considered unpalatable or unpopular.

It'd be wonderful if somebody could sit down and capture how much difference we (the donors, USAID in this context) make at the margin which then becomes mainstreamed.

*Q: Somebody should hire you to do that.*

GUPTA: I'd love to do it.

*Q: Let's move on to the next point.*

GUPTA: Second 'sustainability': Interventions are sustainable when our efforts continue to be used and promoted after our assistance ends. I've discovered (a lesson learnt) that at the design stage, to help promote sustainability, we must ask ourselves two questions:

- 1) Who has the incentives to continue to use the fruits of our efforts after our assistance ends (the demand side)?
- 2) What are the incentives in the system to defend, promote, replicate or scale these efforts once our assistance ends (or the supply side)? The 'incentives' could be ideological, monetary or reputational in nature. 'Usage' can arise from an 'unmet' or 'induce' need. The former is easy; you have the demand taken care of. The latter is more difficult. The latter is necessary, more often than not, to meet earmark mandates – where the needs perceived by USG may not necessarily coincide with the perceived needs of the host country.

To successfully induce/create demand and then subsequently promote its sustainability, it's imperative to involve the government and/or the implementing partner from day one to help ensure buy-in. This takes time, effort and involves an element of compromise. A good example of this was USAID/India's family planning or HIV/AIDS program. India, being a relatively conservative country, was not keen on introducing contraceptive use by women or condom use by men. I witnessed, first hand, how long it took to win the GOI over. The Health office staff showed tremendous patience and diplomatic acumen. It finally paid off – but in each case – literally took years; India ended-up becoming a global example, especially in the area of HIV/AIDs prevention.

Identifying, targeting and promoting champions and opinion molders (respected senior policy-makers, experts from academia, etc.) from within the host country was invaluable in promoting the mission's cause. Exchange visits or institution-linkage programs was another way we prepared ground (a lesson learnt from TASP). One of the biggest

obstacles to demonstrating the benefit of certain interventions was the lack of documented evidence (success stories). For example, MOF wanted to see evidence of the benefits accrued from introducing the tools and techniques we were proposing under REFORM – a legitimate request. I went to CDIE, to other missions, to institutional contractors, to the World Bank and ADB – no one had the evidence/impact documented. In its absence, I resorted to designing a Roundtable that brought experts from other countries to discuss the value of approach. It was an expensive way to do it – but it worked in the absence of available secondary evidence (another approach adopted from TASP). I think things are changing now and organizations are doing a better job at documenting.

All too often people resist change because they don't know its consequences. The more you can demonstrate, the greater the chance of acceptance.

*Q: This recommendation that people coming from Washington should pay attention to what the host government is interested in is surely sensible advice. What about – did you sense there was a lot of pressure on staff where the pressure from Washington to adhere to certain initiatives or programs or priorities as perceived did not match with what were the major interests of the Indian government, and how were those resolved?*

GUPTA: Oh yes! The pressure on the mission staff was resolved or relieved when Front Office and/or the Program Office recognized the challenge the staff was under and extended support. Unfortunately, sometimes the Front Office demonstrate their impatience and displeasure at delays and totally demoralized the staff.

A key determinant to the promotion, replication and or scaling of our development programs when our support ends is the 'cost or complexity' of implementation. For example, when we pilot-test a concept or intervention, more often than not, we bring-in the best experts, employ sophisticated approaches and technologies and find the most conducive environment to succeed. In other words, we create a perfect greenhouse in which to nurture and grow our pilot. However, in reality, the intervention has to survive outside the greenhouse. In India, if we want our intervention to go to scale, it must survive in a variety of conditions. So, the technology has to be appropriate, accessible and affordable, the skill base required to implement the intervention has to be readily available or easily strengthened, and the physical infrastructure required has to be ideally either the existing one or one that can be easily upgraded.

A wonderful example is the mission's T4 activity – Technology Tools for Teaching and Training. Under T4, interactive teaching and learning was introduced through the use of radio broadcasts. The technology used met all the criteria – it was a simple radio – very affordable (all schools had budget to buy a radio), easily accessible (a village could be bought at the village store), and was appropriate for what we were trying to achieve. The teachers already possessed the skill base required – they just had to be willing to try the new approach (so no expensive training was required). The same classrooms could be used – so no physical changes had to be made.

*Q: Were you successful?*

GUPTA: Yes. The result: T4 helped reach 40 million children, across eight Indian states, in a total of 300,000 schools. The activity managed to change the way teachers and students interacted – encouraging the students to ask questions and the teacher to pay greater personal attention to each student. I believe both the math as well as the language grades went-up in the T4 assisted schools vis-à-vis the non-assisted. Not all activities can meet these criteria so easily – but they should be considered at the design stage.

One telling sign of whether we have the demand projections or supply factors wrong at the design stage is if there's unutilized funds at the end of the project – that is, the funds could not be absorbed. Another way to determine is, of course, to conduct an evaluation or assessment at least two to three years after our assistance ends. Most of the time evaluations are conducted just to check the box. Subsequently, we never really refer to them to see if they were useful. So, we end-up re-inventing the wheel or making the same mistakes over and over again. Someone in DC should take all evaluations in similar areas and conduct a meta-evaluation to gauge the lessons learned. This will help to illustrate, for instance, what are local solutions and what are generic solutions. This would throw light on factors of that make an intervention scalable and replicable. So, I was thrilled when the AID incorporated L (learning) into M&E to make it MEL now!

Another determinant of 'sustainability' is the enabling environment. On numerous occasion, we may get the design right but fail to sustain the intervention because we fail to create the required enabling environment to support and grow the intervention. One simple example to illustrate this is the *data.gov.in* activity. We designed this intervention to, for the first time, place in India's public domain (academics and researchers, watch dog bodies, citizens), information that is only collected and used by the government. However, no matter how good the design was, *data.gov.in* could not have succeeded or sustained if the GOI had not passed the Right to Information policy or the policy that enabled Indian government departments at the Center in states, to share their information with the public.

*Q: Did USAID facilitate such?*

GUPTA: Yes, initially. When I joined USAID/India in 1993, there was strong emphasis on strengthening the enabling environment (that is the existing policies, regulations, procedures, and institutional frameworks including information systems and distribution channels) that help support the success and promotion of our development programs writ large. Over time, due to budget constraints, we began to neglect these factors and only focused on the specific activity. It simply was no longer within our manageable interest to support the ecosystem. The design assumptions were that other donors or the GOI would take care of these factors.

*Q: Is there an effort to rely on the Indian government capacity in this area, or the World Bank or others?*

GUPTA: Well, increasingly we tried to do a lot of donor coordination to ensure that the ecosystem issues would be addressed; I was on the donor coordination team. But as you know, that's easier said than done.

*Q: How do you address these enabling environment issues best? Is this a question of having a person with the title of chief economist as you were at the mission? Or is it really much more than somebody who takes this broader view and is not locked into a particular project?*

GUPTA: The 'enabling environment' issue can be addressed by a small multi-disciplinary team in the mission. The mission economist could lead this team because of his/her macro strategic perspective.

*Q: There was a time when there were practically no economists in AID missions, and that at least they're beginning to correct; they're putting some economists back in the missions.*

GUPTA: If that's true, that's very good news. I had a very hard time trying to find economists at AID Washington when I had issues; no one to bounce ideas off or seek advice from. That's why I enjoyed Peter Thorman's presence in the mission. He brought-in an incredible international perspective. He had served as an economist in many missions.

*Q: You know he came to AID initially when I was head of PPC (Program and Policy Coordination Bureau).*

GUPTA: I adored Peter.

*Q: Unfortunately I think he has either dementia or Alzheimer's. He lives in North Carolina now and is not well. He's a very good friend of Owen Silke, so through Owen I hear he's not doing so well.*

GUPTA: I think he was my favorite office director.

*Q: I will pass that along. I'm sure if he can understand these things that will be great.*

GUPTA: A lot of us were trying to find Peter.

*Q: There are fads and trends in AID; is this something you've seen throughout your career?*

GUPTA: Yes! The latest being RTCs (Randomized Control Trials). We were strongly encouraged to conduct RCTs in evaluating activities. It was one, in fact, one of my assignments when I joined CIP. I was given the job to build mission capacity on how to apply RCTs in evaluations, especially those that leveraged innovations. In reality, in 9 out of 10 cases, RCTs are very difficult to employ in social sector interventions.

*Q: I know that was quite controversial here in Washington when Rod Shaw came in.*

GUPTA: Right.

I don't know if I want to call it a fad but STIP (Science, Technology, Innovations and Partnerships) is also something that all missions are now being steered towards to help leverage the development dollars invested. This sudden pivotal shift may be the correct way forward but much of it is going to be 'learning by doing'.

*Q: Were these part of the so-called science and technology...?*

GUPTA: No. This is separate. Quite new!

*Q: The science and technology, are they the ones...*

GUPTA: No, under STIP, the focus is more on innovative application of basic science and technology, use of local partners to implement interventions, and partnership with private sector to fund development initiatives – all to leverage impact. However, as I've just mentioned, evaluation of STIP is going to be a challenge – especially when we don't even know how even define some of these terms. For example, is 'successful' leverage – two-fold, four-fold, ten-fold?? 'Innovation'? The 'net' benefit of raising unconventional funding or local implementing partners, etc. I won't go into more details given limited time.

*Q: That's supposed to be evidence-based.*

GUPTA: Yes. For STIP-oriented activities, based on my observations (lessons learnt), I think we need to focus on: 1) More incentive mapping at the design stage; 2) more 'process' evaluations vis-à-vis 'performance' evaluations (process evaluations help to isolate the 'why' vis-à-vis the 'what' of our results achieve); finally, 3) conducting final evaluations 2-3 years the after our assistance ends (and not at its termination date to better gauge its sustainability).

For example, how do you capture the results of our capacity building efforts (that are on average, 50-60% of most intervention budgets), if the final evaluation is conducted at activity termination date?

*Q: You're saying that almost 60% of the budget for...*

GUPTA: Yes, for most interventions.

*Q: When you say capacity building, this is really technical people coming in and sitting down?*

GUPTA: Yes. For example, if someone is making widgets, you know how successful the capacity building effort is by the number of widgets produced for any given level of quality. But we're not building widgets. What we're doing is trying to change the way people think and act, to influence behavior change – and this takes time. Behavior is not changed overnight; so how do we know that the change seen is sustainable? We have no way of knowing if the capacity building efforts should have been 60% or 30%. We'd have a better chance of gauging this if the final evaluation is conducted at least two-three years after our assistance ends.

*Q: Would the answer to that in your view be that there should be much more care taken with developing some tools for evaluating this, or to reduce that percentage to 20%?*

GUPTA: I think it's sequential. First you need a tool to evaluate to see if we are having an impact - process evaluation and meta-evaluations should help. If they show that capacity building is not a major determinant – then we need to readjust our budget for capacity building and try other approaches.

*Q: You had 22 years of experience working with the government of India and AID. Most of your colleagues coming from Washington were there for two or three years. Was this a lesson that you learned from this experience over and over again? This need for patience, for finding champions, for finding people at the younger stages and moving gradually to becoming more senior – is this something you had difficulty getting into the heads of your Washington colleagues? Was it very individualistic that some were good and some were not? As a general rule how would you assess?*

GUPTA: Initially when I entered USAID, Foreign Service officers coming to the Mission from Washington were very senior. India was considered a prize position, so they had served in many other missions before they arrived in India. Also, most, if not all, arrived with considerable Peace Corps experience. So they understood cultural sensitivities, modesty, and respect. They understood the importance of dialogue, compromise. Most of the time we work with the economic and socially deprived – so sensitivity and respect becomes critical to connect. Unfortunately, by the time I left, younger Foreign Service Officers were coming-in – especially from Iraq and Afghanistan – they had an air of entitlement, that they could do no wrong. They were overly authoritative even when their expertise and experience did not match this air. I think at one point, the IDIs (international development intern) and NEPs (new entry professionals), even outnumbered the regular Direct Hires. But AID/W directive was to make them feel in charge.

I think it's fair to say that when someone comes into a new environment, they usually lack context. It's normal; there is no institutional memory at that time. Sometimes, they fail to realize that FSNs are really there to support, guide and bring the Direct Hires up to speed. The GOI and some of the nationally known NGOs in India are especially harsh. They will give an initial meeting but if they find that the USG rep is not well versed with the issue, they won't give a second meeting. For example, I believe at one meeting with the Ministry of Agriculture (or was it Health), the way a NEP spoke to one of the Indian

government official created quite a stir for USAID/India, especially since we had a Direct Hire from the State Department present. I believe, GOI/MOA requested that she be never brought to an MOA meeting ever again. There are too many donors competing for GOI's attention – if we cannot demonstrate our value addition, GOI would just turn to another donor.

*Q: This is something that is relatively recent?*

GUPTA: I would say a post-2000 trend. The Agency had lost a number of staff. So, the junior foreign service officers coming-in expected to rise to the rank of office directors quickly. Unfortunately, something had to give – so many times FSNs were removed or denied senior positions to make way. To an extent, I think, the Agency shot itself in the foot. They lost so many good FSNs because of this. The Mission could have gained tremendous goodwill and benefit by acknowledging the FSNs better. With so many FSNs leaving, institutional memory is getting all but lost.

*Q: It would have been a great appeal for people.*

GUPTA: It would have been such good PR (public relations) for them.

Also, there's such a revolving door! I think I served under nine Office Director/Supervisors in 22 years. That's a little over two years. Unfortunately, there is a learning curve in any new place. It takes almost one year for Direct Hires to get the hang of their new environment – and they start winding down around nine months before they depart – and each one wants to leave their own mark on the portfolio – so where is the continuity and stability.

*Q: You've been through this in your case 22 years.*

GUPTA: Yes, that is a huge issue, the revolving door. I think the last three-four Mission Directors stayed at the Mission for only a little more than a year. Each new Front Office also wants to leave their stamp on Mission programs. Sometimes you have a large exodus of Direct Hires all at the same time. Our counterparts find this instability difficult to manage.

*Q: OK. Depressing but no doubt true.*

GUPTA: Yes, and let's not forget the changing mandates and earmarks from Washington. (Laughter)

*Q: It's just one thing after another, isn't it? Yes, heard that before, too.*

GUPTA: Yes.

*Q: And disappointing given what you have seen over 22 years.*

GUPTA: Yes but I'm sure the Agency is well aware of these problems and there is a new model afoot! And, I must say, there were several Mission Directors, Mission Deputy Directors and many of my supervisors who were exceptionally sensitive to some of the above emerging issues and tried to (and did) make a difference.

*Q: OK. That's a very sad story as you think about it. The world is changing around us, but... What other lessons do we have here?*

GUPTA: I think my focus on 'relevancy' and sustainability' has covered many of the lessons learnt.

*Q: These are all key parts of making foreign aid relevant, right? This is your main...*

GUPTA: Yes.

*Q: You've covered so much and in such a comprehensive way, I guess maybe the thing to do is to wrap it up by your overall conclusions. You've already made reference to some of that with the changes you've seen and the failure to sustain and so on. If you were indeed talking to a group of newly hired AID Foreign Service officers who are about to go off to India, and you were given five minutes to tell them what they needed to do if they wanted to be effective in that environment – what do you think you would tell them?*

GUPTA: I would tell them to be realistic and look at the environment they're going into. For example, in the context of India, they'll be going into a very dynamic and fast changing environment. They'll have to deal with incredibly large absolute numbers (1.2 billion population) therefore the ability to scale or replicate interventions will matter. However, at the same time, India is exceptionally diverse - so scaling or replication won't be easy. Around 65% of India's population is below the age of 35. Most are, however, first generation participants in a modern economy - first to give birth in hospitals, first to go to school, first to use treated water, etc. - but also the first generation to have access to technology that provides them with more and more real time information; almost 70-80% of India's 1.2 billion people are now connected to modern information and communications technologies and increasingly integrated to the global economy. For example, if the iPhone 7 hits New York at six a.m. in the morning, Indians are lining up to buy it at eleven p.m. in India. So, no more can the poor and the villagers be kept in the dark. Therefore, managing expectations will be an increasing challenge.

However, as USAID officers, they'll also have some very powerful tools on hand. For example: 1) As an international donor body, the access they'll have to global perspective and experience to draw from; 2) access to very knowledgeable local staff with institutional knowledge; 3) increasingly informed host implementing partners (especially government) whose ownership is critical to help sustainability of any interventions; 4) the ability to generate and harness lessons learnt to help improve intervention designs and implementation in a fast-changing environment; but most important 5) the ability to allow time for behavior change while delivering continuous results to manage fast changing expectations. Expectations and patience will need to be managed both at the host country

end as well as at the USG end. The ability to craft success stories to continually keep stakeholders informed will facilitate this process.

*Q: You've emphasized throughout this is not a sprint, this is a marathon...*

GUPTA: Yes, that's where the challenge of the new development officers lie. How to generate the patience needed in an increasingly 'real time', fast changing environment.

*Q: On the one hand you have to find a way to be relevant immediately, but?*

GUPTA: Difficult! For example, we have a robust clean energy program that USAID supports in India currently. But with the new US administration, this mandate may change. This flip-flop creates a lot of turbulence and takes years to settle back in. In the meantime, we've lost the many champions and institutional frameworks we've created.

*Q: That though is perhaps one of the most difficult ones – it's not in AID's hands, really, in the sense that what will happen to AID's budget and the change of administration. Who knows? The experience has been in the past that AID fared almost better under Republican presidents than Democratic presidents because support in Congress for Democratic presidents from Republicans was not very good, but the other way around...*

GUPTA: Yes.... in the past, our economic growth portfolio did fair better under a Republican Administration – but with 'America First', not sure how much interest there'll in promoting economic growth elsewhere now.

*Q: Those are beyond what we can manage. If people are still willing to come in and seek a career in AID, whether as Foreign Service nationals or Foreign Service officers from here, they're going to have to learn to cope with these kinds of things. But what you've laid out in these almost four hours of conversation that we've had is that it is possible, despite these ups and downs, to find a way to establish relationships with the people in the country who are the ones who need to make the decisions about what programs there will be. They need to be able to absorb understanding information from these outsiders who come in and bring some additional thoughts.*

GUPTA: Yes!

*Q: The one thing that I haven't quite understood is that here so many of the new IDIs for example come with Peace Corps experience, right?*

GUPTA: I don't know if enough IDIs have Peace Corps experience.

*Q: I thought a lot of them did.*

GUPTA: Possibly, not so many that came to India though.

*Q: That's maybe the answer to my question. If they are coming in ill-equipped to recognize that they need to listen a lot and not as in the most extreme cases be assertive and obnoxious about the way in which they either convey information or raise questions. You would have thought that in a successful Peace Corps career that that's a crucial part of their been able to operate in a country outside the United States. Which is why I'm disappointed to hear that some of these new hires in AID are asserting their roles as millennials or whatever they are...*

GUPTA: You will hear this from many missions, not just India.

*Q: I have heard that. I was trying to juxtapose it with what I thought, that significant numbers of these IDIs...*

GUPTA: Folks coming in their forties had it like – Mike Stern, he was excellent, he had a Peace Corps background...

*Q: But he was a regular Foreign Service officer, he didn't come in as an IDI.*

GUPTA: Yes, he was a regular Foreign Service officer.

*Q: There was this great gap created as a result of so many good people essentially being told to leave in the 1990s because they'd been in-grade too long. There was this big gap. It was really only when Henrietta Fore was administrator and said, "We've got to get in these younger people," so 900 to 1000 or more. They're still low in the number of Foreign Service officers that they need. That sensitivity in this world particularly in places like India has to be part of the skillset.*

GUPTA: Any country – whether it's India or Kenya or Ecuador, you need that sensitivity.

*Q: Well Madhumita, I cannot tell you how grateful I am to you.*

GUPTA: I'm afraid I mumbled on at length. Not sure if I made any sense.

*Q: No! It was for me particularly interesting and I learned a lot. I think anybody who ultimately takes a look at this oral history which I think again is the first oral history done with a Foreign Service national, let alone someone who's had so many senior responsibilities in a very big country and an important mission. That's so far unique; we hope it won't be unique for long. It can serve as a useful tool for others who take the time to focus on what you've said and lessons you have learned. I'm sure we'll try to find ways to not only have it sitting in this four-hour interview, but try to extract parts of it and maybe even get you to do a brief video at some time. Thank you very very much.*

GUPTA: Thank you for making it so easy and enjoyable. You are a great interviewer! It's helped me to reflect back on many things as well. I need to frame this in my mind in a much more logical way.

*End of interview*