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Increasing **American** Diplomatic Power

Richard R. Verma





About the Author

Richard R. Verma serves as the Deputy Secretary of State for Management & Resources at the U.S. Department of State. In this role, he acts as the Chief Operating Officer of the Department, and leads the Department's efforts on modernization, foreign assistance, policy towards India, support for Ukraine's economic recovery, and a wide range of other workforce and strategic issues. Deputy Secretary Verma previously served as the U.S. Ambassador to India, where he led one of the largest U.S. diplomatic missions and championed historic progress in bilateral ties. He is also a former Assistant Secretary of State for Legislative Affairs and the former National Security Advisor to the Senate Majority Leader. Deputy Secretary Verma has also had a distinguished career in the private sector, most recently serving as the Chief Legal Officer and Head of Global Public Policy for Mastercard. Deputy Secretary Verma is a veteran of the U.S. Air Force, and the recipient of numerous military awards and civilian decorations, including the Meritorious Service Medal and the State Department's Distinguished Service Award. Deputy Secretary Verma was a Senior Fellow at Harvard University's Belfer Center for Science and International Affairs, and he holds multiple academic degrees, including his doctorate (Ph.D.) from Georgetown University and his law degree (J.D.) from American University.

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Introduction

The United States faces a pivotal juncture globally, a moment President Biden often refers to as an inflection point. The international landscape is complex and often dangerous. We face a dizzying array of traditional challenges from state and non-state actors, along with emergent transnational threats like climate change, pandemics, and the use of advanced technologies to surveil, steal, and misinform. The global post-World War II architecture to maintain peace is under great strain, as evidenced by Russia's unlawful assault on Ukraine, and as more nations compete for more power and a seat at the global high table.

So, yes, the world is certainly at an inflection point, and the choices we make today about our most fundamental values – safeguarding democracy, stability, and prosperity for all – will shape the trajectory of our country and global community for generations to come.

In an era of global interconnectedness, heightened competition, and growing authoritarianism, the United States must be at the vanguard to lead, build relationships, and deepen cooperation worldwide. U.S. leadership and American diplomacy in particular, will be even more critical in the months and years ahead. This reality underscores the importance of the State Department, which since the inception of our republic, has worked tirelessly to carry out diplomacy and advance U.S. interests abroad.

As the Deputy Secretary of State for Management and Resources, I see our foreign service officers, civil servants, and locally employed staff embracing this mission daily. It is not easy. Our 81,000 employees in nearly 300 locations around the world are responding to the rapidly changing global landscape, responding to the needs of Americans, and continuing to shape and lead. But with the changes around us, the State Department must change and adapt too – that means building new capabilities around our critical missions, developing new skills, continuing to attract the best workforce, and utilizing new technologies. This is what formed the basis for Secretary Blinken's modernization effort at the State Department which he launched three years ago. This is a good time to take stock on how we've done, and what work remains.



The Modernization Agenda

Secretary Blinken's modernization agenda includes three key pathways:

- 1. Critical Missions Are we focused on the threats and opportunities posed by a shifting world order and rapid advances in technology? What are the missions in which the institution must maintain its lead and develop even greater expertise? We identified six critical mission areas as described further below.
- 2. Workforce Reforms How can we continue to attract the most talented, experienced, and diverse workforce? Our people are our core advantage in the world, and we must continue to offer them the best pathway for service in the Department. We drew on extensive data collection before pursuing major institutional changes, such as surveying thousands of employees, conducting exit interviews of over 500 departing colleagues, and holding over 40 focus groups. The data revealed a workforce deeply passionate about the State Department's foreign affairs mission but often overworked, under resourced, and unable to envision the next steps in their career growth. We needed to look within and launch a critical analysis of the State Department's policies, programs, and culture.
- 3. Risk and Innovation The institution has come a long way since Secretary Powell lamented in 2001 that not everyone had an internet connection at the Department. It has become a global leader in how it uses and deploys technology in carrying out our diplomatic tradecraft. However, we also needed to refresh our risk posture and tolerance, leaning in where prudent to carry out the mission in more places, and reaching even more people directly.

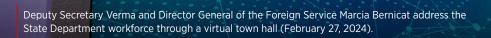
Over these past three years, the modernization effort has yielded substantial progress across the three pillars thanks to the employee-centric focus of the efforts. In other words, the key reforms were assessed and implemented by the workforce themselves, not directed from the top down. Employee working groups led each pathway, tracking progress for all Department personnel to see and assess for themselves. The results have been meaningful:



Critical Missions

- We launched a new Cyberspace and Digital Policy Bureau and created a Special Envoy for Critical and Emerging Technologies to lead our work on digital connectivity, artificial intelligence, and quantum computing.
- We established the Bureau of Global Health Security and Diplomacy to improve global health security and to negotiate international norms essential to the prevention of future pandemics.
- We unveiled the Office of China Coordination, known as "China House," to
 navigate the intricate and ever-changing U.S.-China relationship. This bold
 initiative champions collaboration where feasible, drives spirited competition
 when needed, and vigorously defends U.S. interests in critical arenas.
- To bolster climate diplomacy, we created a suite of data and analytical tools that give our diplomats in DC and abroad the information on global climate trends they need to advance U.S. climate priorities. We also created a new cohort of climate officer positions in regional bureaus and overseas posts, with 20 officers thus far working on climate full time.
- In the economic diplomacy space, we strengthened our collaboration with multilateral development banks and the private sector to increase lending and financing for emerging markets by more than \$200 billion in the next decade. Through the CHIPS Act's International Technology Security and Innovation (ITSI) Fund, we also have developed six new partnerships with countries in the Americas and Indo-Pacific to strengthen, diversify, and grow supply chains.
- We have also increased our leverage and influence in the United Nations and multilateral system by launching a new Multilateral Strategy and Personnel Office, which paved the way for the United States to assume leadership of six major multilateral organizations and rejoin key institutions, such as the UN Human Rights Council and UNESCO.
- We established a Special Representative for City and State Diplomacy, to
 better connect our foreign policy to the American people. We are also
 sending Department officers to mayoral or gubernatorial offices around the
 country, and the newly created Assembly of Local Leaders facilitates domestic
 engagement on public health, foreign investment, climate resiliency, and more.





Workforce

- We diversified our recruitment pathways by expanding paid internships and new hiring authorities to broaden our talent pool and inject fresh perspectives into our work.
- We achieved record civil service hiring and welcomed larger, more diverse
 Foreign Service classes through a reformed Foreign Service Entry Process
 that guards against bias and reduces barriers to identifying candidates most
 likely to succeed.
- To address long-standing, historical challenges with the compensation
 of our Locally Employed staff overseas our largest hiring category we
 made their pay more predictable, more equitable, and more transparent.
- We expanded the Department's training float by 330 positions to offer more opportunities for long-term training and job mobility and to equip our workforce with the tools needed to successfully navigate complex global challenges.
- We revolutionized how we train our workforce on emerging issues at the Foreign Service Institute, which includes partnering with prestigious academic institutions. New specialized training in areas ranging from climate change to pioneering space diplomacy ensures our workforce receives cutting-edge tools required to engage on such pivotal issues.
- We developed data-driven retention strategies to keep top talent, including new initiatives to address management challenges in real-time and add greater transparency to the selection process for senior leadership positions.
- By establishing the Chief Diversity and Inclusion Officer position, we aim to foster an inclusive workplace where employees can thrive and contribute to the mission.

Risk and Innovation

- Integrating state-of-the-art technology, including artificial intelligence and advanced data analytics, we have streamlined complex diplomatic tasks from crisis management to multilateral engagement.
- Seeking to lead by example, we developed a new AI policy and implemented an Enterprise AI Strategy to ensure the effective, ethical, and responsible use of AI in the Department.
- Using existing tools and resources, we developed the Operations
 Response Interagency Online Network (ORION), a new enterprise
 platform that has improved the Department's ability to monitor, train for,
 and respond to crises.
- We are prioritizing a more agile U.S. presence for the 21st century to meet our partners where they are around the world. Our new embassies in small island nations like Tonga and the Maldives are a testament to this new effort.
- By updating the Department's enterprise-wide Risk Management Policy
 we have prepared the Department to adopt a more "risk-aware" posture
 and compete more effectively.
- We also had major success with leveraging technology for greater efficiency. Last year, our passport agencies and consular sections cleared a massive COVID backlog, processing over 24 million passport applications and issuing more than 10 million visas.
- We recently introduced an online system for Americans to renew their passports, significantly improving the experience for nearly 50 percent of Americans who hold a passport today.



A **WORLDBOSTON SPECIAL EVENT** STATE OF THE E DEPARTMENT & NATIONAL SECURITY

Deputy Secretary Richard Verma

U.S. Deputy Secretary of State for Management and Resources

Dr. Monica Duffy Toft

Academic Dean, Professor, and Director of the Center for Strategic Studies at The Fletcher School at Tufts University

Tuesday, June 25th, 6:00-7:30 PM | Boston Public Library, Rabb Hall











Deputy Secretary Verma speaks on the State of the State Department and National Security at the Boston Public Library (June 25, 2024).

Work Remains

While these steps are crucial, we recognize there is more work ahead. We must proactively prepare the State Department for future challenges and plan for the unexpected. There is more we can do internally and with help from our Congressional partners. These steps include:

• Securing the budget resources necessary to meet the current challenges. We are a national security agency on the front lines of the world's most significant conflicts, yet our modernization efforts face constraints due to insufficient funding. Consider the numbers: Over the past 20 years, the State Department and USAID's base budget increased by about \$36 billion, from \$22 billion in 2000 to \$58 billion in 2023. In contrast, the U.S. defense budget grew by nearly \$600 billion during the same period, more than 10 times the size of the entire State budget.

Over the past 20 years, some of our strongest advocates have been our colleagues at the Pentagon, who often testify about the importance of funding diplomacy and development as complementary pillars of national security. As General Mattis aptly put it, "If you don't fund the State Department fully, then I need to buy more ammunition." We must also do a better job explaining how its diplomatic work supports American jobs and security, and we are advancing this effort by encouraging our leaders and workforce to engage more outside the beltway and learn from local communities and leaders.

Our annual appropriations bill includes nearly 500 directives that limit our programming flexibility. In fiscal year 2023, over 90 percent of our economic and development assistance had earmarks for specific priorities. We can do better. And we cannot forget that our adversaries are not standing still. While the State Department and USAID remain

- underfunded, China has provided \$1.34 trillion in grants and loans to countries in the Global South over the past 22 years. And when we get the resources, we don't often have the flexibility to use the funds to address the most urgent priorities.
- Attracting, retaining, and deploying the best workforce. Our workforce faces significant challenges. The State Department currently has a 13 percent staffing gap on average, resulting in significant workload issues and creating gaps in coverage in key posts worldwide. We need the resources to hire and train to meet the challenges of today. We have also failed to send ambassadors to key posts because of Senate holds unrelated to the nominees themselves. With 18 percent of our nominees unconfirmed by the Senate and average waits of over a year from nomination to confirmation, these disparities hinder our effectiveness. In fact, studies have found that the average time for confirmation has gone from 75 days during the Bush Administration to nearly 213 days today. Moreover, many career ambassadors are waiting two years from nomination to arriving at Post. We cannot cede the field in this way given the challenges our nation faces globally. As Secretary Blinken often says, the world does not organize itself, and without U.S. leadership, adverse consequences follow.
- Internal Reform Efforts. What more can be done to maximize diplomacy for the rest of this century? For the Department, we can continue to modernize, looking for ways to become more efficient and capable through better strategic planning, training, and incorporation of technology into our processes. This also includes ensuring that we continue to engage in continuous posture reviews that enable U.S. presence in more places across the globe and internalize a culture of thoughtful risk management that facilitates agility and innovation.



Our people are our greatest asset. In the past 20 months, I have visited over 65 of our overseas missions and return inspired by the dedicated workforce serving globally, often in dangerous and difficult conditions. That is why we also need to continue reforms to improve workplace satisfaction and make the Department a more competitive employer. To do so, we will need to break down outdated hierarchies across our institution, ensure we are offering competitive compensation to our employees across the globe, and move towards a promotion system that rewards a wider range of career paths. We also need to do more to help manage workloads more effectively, set realistic priorities, recalibrate as necessary, and ensure we are holding leaders and managers accountable where warranted.

The Road Ahead

These changes will not be easy. They will require additional resources, Congressional authorities, and a longer time horizon. But they're essential to doing right by our workforce, to connect the dots about why the Department's work matters for the American people, and to ultimately deliver on the American vision of a free, open, secure, and prosperous world.

Increasing U.S. diplomatic power is our biggest pathway to peace and prosperity in the modern world. We are proud to be on this course today – but the American people, and our allies and partners, hope and expect us to go much further in the years ahead. If we do, the United States and the world will be the beneficiaries of these investments today.





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