

# BAKU DIALOGUES

POLICY PERSPECTIVES ON THE SILK ROAD REGION

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Elnur Soltanov

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# Assessing the Achievements of COP29

*Elnur Soltanov*

*Baku Dialogues:*

Azerbaijan became the first country from the Silk Road region to host an annual session of the Conference of Parties to the UN Framework Convention on Climate Change—in this case, the 29<sup>th</sup> session. Hence, COP29. This took place in Baku between 11 and 22 November 2024 and had something like 76,000 registered participants. And Azerbaijan's Foreign Ministry has a document that says that COP29 “was attended by representatives of 196 countries and nearly 200 international, regional, and other organizations. More than 80 heads of state and government participated at the World Leaders' Climate Action Summit organized within the framework of COP29 on 12-13 November 2024.” So, evidently, this was hard to pull-off successfully.

Furthermore, President Aliyev characterized COP29 as the “largest international event in the history of our independence.” To this, we could add that it was the largest multilateral event to take place in this part of the world in the period that begins with regain of independence, and certainly in the twenty-first century.

We're honored to feature an interview with Dr. Elnur Soltanov, who has a long a storied association with ADA University, and who still today is

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*Dr. Elnur Soltanov is Chief Executive Officer of COP29 and Deputy Minister of Energy of Azerbaijan. He is a former Dean at the School of Public and International Affairs at ADA University where he also served as Director of the Caspian Energy and Environment Center. He is a member of the Board of Trustees of the Institute for Development and Diplomacy at ADA University. The interview was conducted in late January 2025 by Damjan Krnjević Mišković. The views expressed in this conversation are solely those of the participants.*

a Trustee of our Institute for Development and Diplomacy. He is also a Deputy Minister of Energy of Azerbaijan and, most relevantly, is Chief Executive Officer of COP29.

Thank you, Dr. Soltanov, for taking the time to have this conversation.

*Soltanov:*

You're welcome. Thank you for the opportunity.

*Baku Dialogues:*

So, let's start with two very basic questions. Number one: What is the role of the Chief Executive Officer of COP29?

*Soltanov:*

My task was very clearly set from the very start: To support the President of COP29, H.E. Mr. Mukhtar Babayev, and implement every task he asked of me.

*Baku Dialogues:*

Ok, that's clear enough. The answer, basically, is “everything and anything.” I know how that is. Let's now turn to basic question number two—which in a way gets us into the heart of things: How did the COP29 Presidency come about?

*Soltanov:*

As always in such matters, there have been structural factors *not* in our control and those *in* our control. Azerbaijan had expressed its willingness to host this event, and we had put forward our candidacy. So, the possibility was there. This

possibility was a known quantity, and we had done preliminary planning to prepare our bid, and then we put it forward.

The background here is the way these things work in the UN universe: There's a rotation among five regional groups, with each UN member state belong to one of those five. And it was the turn of our region: The regional group known as Eastern European States. And there were issues related to some countries in our group supporting or blocking the candidacies of various other countries in our group—this had to do with political preferences, especially in light of the war in Ukraine.

And Azerbaijan was very willing to make this happen: We conducted some very successful shuttle diplomacy, both physically and virtually. And we ultimately ended up receiving the unanimous support of the group of Eastern European States, and then of the rest of the COP Parties, after we worked out the terms with different stakeholder countries, including Armenia.

### *Baku Dialogues:*

Yes, there was this agreement between the Presidential Administration of Azerbaijan and the Office of the Prime Minister of Armenia that was announced on 7 December 2023, which involved—I will focus on what's most relevant, in the context of our topic—the public expression of support by Armenia for Azerbaijan's bid to host COP29, as well as the withdrawal of Yerevan's own COP29 candidacy. This agreement—which very few saw coming—broke the deadlock in the group of Eastern European States, which then paved the way for Azerbaijan to secure the bid.

### *Soltanov:*

I wouldn't say that the final decision was in the hands of any single country. In fact, if there is any actor to credit for this achievement, then it is Azerbaijan itself. If you take out Azerbaijan's very creative and capable diplomacy—which was

also tied to the ongoing peace process with Armenia—it simply wouldn't have happened.

Our Ministry of Foreign Affairs and our Ministry of Ecology were there on the ground from the very start. But the creative drive that came from the state's top leadership was, I believe, very crucial in securing our bid to host but also represented a great push forward in terms of the peace process. It represented a new confidence-building measure, a trust-building measure—and, of course, it also represented a great honor for us that the world agreed we should host COP29.

It cemented, I think, this longstanding view that Azerbaijan is a reliable partner in whatever endeavor we commit ourselves to.

### *Baku Dialogues:*

Azerbaijan had a record amount of time—in the negative sense—of being able to prepare for this, right? It was 11 months. There were a lot of sceptics that you could pull it off, logistically and otherwise. But then, at COP29, everybody I talked to—people who have been going to COPs for 20 years, ranging from Chief Negotiators to support staff—said to me in the hallways that this COP was, in a technical sense, the best organized. Full stop.

Now, in terms of substance—and ultimately, of outcome—surely you know that the reaction in some quarters was mixed, right? Now, to a very great extent, that's unfair: There's only so much any COP Presidency can do—irrespective of the amount of preparation time—if the Parties are themselves unwilling to make the compromises or to take the visionary steps.

### *Soltanov:*

As you said, there are two major aspects of any COP. And the most important one is the negotiation process itself. Even the 14 Global Initiatives advanced by the COP29 Presidency were really in the service of supporting the negotiation process per se, because that is basically the output that matters more than anything else.

The logistics component is there to serve the negotiation process, since all these matters—visas, travel, accommodation, ground transport—are crucial in making sure that the participants feel good enough, relaxed enough, so that they can focus on the gist of the matter, which, again, is the negotiation process itself and, ultimately, reaching consensus-based outcomes. Of course, the logistics part is very important in and of itself, as we, Azerbaijanis, take our hospitality seriously. We have a responsibility to our guests: Anyone who enters our country should feel welcome.

Now, this relatively short time to prepare—11 months—was a challenge mainly regarding meeting logistical expectations. Yet, fortunately enough, we had the best experience specifically in this area. We had organized events similar to this one—not as large, but still logistically quite complex.

Yet in terms of the substance, as you put it, 11 months was not probably too short for these issues—especially the negotiation items. There, the challenge was not time per se—it was about bringing the Parties together, creating momentum, and coming up with a successful deal.

So, regarding the outcome of the negotiations, I think COP29 was successful. Maybe there was not as much fanfare in the press as in some previous COPs, but historically speaking, the outcome was quite good.

In 2009, at COP15 in Copenhagen, developed countries decided to commit to a goal of mobilizing a minimum of \$100 billion a year by 2020 to address the needs of developing countries. Yet this was not an outcome of negotiations. It was more a statement by a country or group of countries.

Therefore, the climate finance quantum had never been negotiated at COPs, and thus we were in uncharted territory in terms of the New Collective Quantified Goal (NCQG). And

finance is what really keeps UNFCCC and Paris Agreement together: You could say, “no finance, no climate agreement”—at least in a substantive sense. So, to me, climate finance is really the most difficult issue ever to be discussed in the context of the COP process.

### *Baku Dialogues:*

Right, because the credibility of the whole UNFCCC framework, including UNFCCC and Paris and so on—the whole climate change conversation—stands or falls on how much money is going to be put in the pot, and when, and under what sort of conditions.

### *Soltanov:*

Yes, it's about money. Climate money.

### *Baku Dialogues:*

Right. You take out finance, and the Paris Agreement largely collapses. Or at least it collapses in a political sense, right? Not in a literal sense of collapse, but in terms of ambition and ability to truly move the needle on climate action.

### *Soltanov:*

The global climate architecture is really built on finance, and within this, what the texts call “common but differentiated responsibilities.” With finance, this is where the promises start being felt—where the promises made start hurting the checkbook. Otherwise, it's easy to fly around to conferences, to throw out numbers, to give speeches. But COP29 was the start of the phase where the rubber met the road for the first time. So, therefore, the climate finance issue—as it was addressed and negotiated at COP29—was unprecedented.

Our position from the very start was that, in line with the Paris Agreement and the UNFCCC process more generally, this is a Party-driven process. Azerbaijan was leading the process in the sense of establishing the best possible enabling environment for the Parties to make a decision. But Azerbaijan was not there to decide. We could not do that. It was up to the Parties to make a decision.

And to me, tripling the figure of \$100 billion per year to \$300 billion per year is a good outcome. It's less than what most of the developing countries wanted, but it's definitely more than what most developed countries were willing to pay.

I was, so to say, kind of scientifically siding more with the developing countries, since the Commission that was established by earlier COP presidencies had calculated slightly different numbers. In light of the best scientific evidence, the number was not \$300 billion but \$350 billion, and the deadline for it was not 2035 but 2030. The developing countries had more “science” behind their position. All in all, however, tripling the existing amount was a very significant step forward, particularly given the geopolitical environment.

That being said, decisions are decisions. But now, our major task is implementation. In fact, a successful implementation could turn the good outcome of COP29 into a great one. The decision says \$300 billion by 2035, but nothing in this decision prevents us from achieving this amount as early as possible. Say, technically, the next year.

The faster we achieve that \$300 billion amount, and the faster we achieve a higher amount, the closer we will get to make better off every single country out there in the developing world—and definitely the Least Developed Countries and the Small Island Developing Countries. And so, our COP29 Presidency's goal, which we will be passing over to the next presidencies, is about achieving the \$300 billion goal as soon as possible.

The decision has been taken. Let's now focus on delivering the highest quantum possible as early as possible. This is

how we can end up actually delivering what everybody in the developing world wants.

### *Baku Dialogues:*

But there are two numbers that were agreed, as far as I understand. There's the \$300 billion per year by 2035, and then there's the idea of scaling up finance to \$1.3 trillion per year by 2025.

### *Soltanov:*

Yes.

### *Baku Dialogues:*

So, in other words, am I correct in understanding this, that we're talking about \$300 billion in what we in Canada call “transfer payments,” right? Cash. Cash with some conditions, but cash—not loans. And then the rest—the other stuff. So, in other words, \$1 trillion of various types of finance.

### *Soltanov:*

The Paris Agreement is sufficiently clear that the direction should be from developed countries to developing countries.

If you look at the language of the decision on this \$300 billion and this \$1.3 trillion, this \$300 billion is clear in terms of that direction. And \$1.3 trillion is more of a call to the entire world community. I'm happy that the \$1.3 trillion number ended up being part of the decision, because that is really the number that is needed.

But in the latter context, you don't really have clear borders of responsibility. So, mentioning \$1.3 trillion is a first good step,

but I think we need to work it out further. For me, therefore, \$300 billion is a more important number because it is more concrete in terms of directionality and responsibility.

### *Baku Dialogues:*

Okay, but can I just stick to \$1.3 billion for a moment so as to get to what being called the Baku Breakthrough? And as far as I understand, this has to do with Article 6, a single carbon market, operationalizing it, making it a single global unified market under the auspices of the United Nations, which, as you can imagine, is not at first—when you hear it for the first time—you don't think efficiency and transparency what you think of the UN.

So, the question then is: How does all of this Article 6 stuff—but particularly operationalizing the global carbon market, getting it to actually work and be accepted by the private sector—does that fall within the \$1.3 trillion and the \$300 billion, or is it distinct? What's the holistic picture of all the moving parts, in the context of the outcomes of COP29.

### *Soltanov:*

The way I would put this forward is that we achieved significant results, in terms of all three issues we placed front and center: Climate finance, Article 6, and the Loss and Damage Fund.

When you look at UNFCCC from 1992 and then, eventually, the Paris Agreement, you see that the reason why it's not just one region of the world—the entire world convening and signing up to these set of documents—is because there is a delineation of responsibilities. The gist of it is expressed in the celebrated phrase “common but differentiated responsibilities.”

One of the greatest debates and negotiations is the interpretation of this phrase and the boundaries of responsibilities across developed and developing countries. This is fine only to a certain extent. Yet, various actors try to push for looser interpretations, and this could result in a breakdown: We could

see the entire architecture starts to break down. Therefore, I personally focus more on the \$300 billion figure.

So, \$1.3 trillion is great, but unless numbers and responsibilities overlap to a certain extent, they eventual might not come to mean much.

And about the agreement we reached at COP29 on Article 6 regarding its operationalization—here we mainly brought to life the last dormant part of the Paris Agreement. This too was a great success. Because we set the foundation for unleashing the global forces of the global carbon market in terms of reducing and removing the emission of greenhouse gasses in the most efficient way possible, but also in terms of opening the gates of financial tools—of technology flow and capacity-building flow—from the developed to the developing countries.

So, in that sense, I'm very happy—all the Parties were very happy—especially regarding Article 6.4.

As to Loss and Damage, all the groundwork is done for it to be up and running in 2025.

At the same time, there's still some work to be done for Article 6 and Loss and Damage to really get off the ground. Moreover, in the case the Loss and Damage Fund—this is Article 8 of the Paris Agreement—I would like to mention that its donor base, its financial sustainability, remains a challenge, since around \$1 billion is not even scratching the topsoil of what is needed in this realm.

All in all, I think legacy-wise, COP29 will be known as the moment when the Paris Agreement was made fully operational.

### *Baku Dialogues:*

Right, all this speaks to the point about not laying everything into one pot of \$1.3 trillion. There's a logic to the differentiation—to the various pillars,



or silos, or whatever the term is for that. But I think that behind all of this stands, in a way, a more philosophical argument. So, Loss and Damage aside—because this is the argument that such and so set of countries need the money because they’re never going to be able to fix what’s already destroyed irreparably—we have a more philosophical argument, with serious policy implications, regarding adaptation and mitigation.

Conceptually, adaptation and mitigation are actually two very different things, right? There’s this provision in the Paris Agreement—Article 9.4, I think—that speaks of scaled-up financial resources aiming to achieve a balance between adaptation and mitigation. In fact, it mandates a 50:50 balance between mitigation and adaptation funding, with a greater share of the adaptation funding going to most vulnerable countries.

And this has never been achieved. It’s not even close. Even the most creative accounting mechanisms produce a figure of around 25 percent for adaptation, because the developed world favors mitigation—and they’re the ones with the money. So, they’re basically saying—the minority—they’re basically saying, “If you want the cash, then focus more on mitigation.” And the developing world—the majority, the ones dealing the most with all this, with fewer resources to deal with it—is saying, “Look, we favor adaptation.”

So, mitigation is, more or less, about reducing emissions, and it involves, by and large, stabilizing or even trying to reduce the flow of heat-trapping greenhouse gases into the atmosphere. Whereas adaptation is, well, about adapting to climate change—it’s about accepting the reality and adapting to life in circumstances of a changed climate in various ways. So, with adaptation, the goal is to reduce our risks from the harmful effects of climate change.

And at COP29, the needle was moved in terms of adaptation. For instance, the Baku Adaptation Road Map was adopted, and you held a High-Level Baku Dialogue on Adaptation. And some other things happened, to the credit of the COP29 Presidency—this needs to be emphasized. Anyway, could you get into all of this a little bit? You know, mitigation versus adaptation?

### *Soltanov:*

Well, here is the logic: There is no way we can reach the North Star of 1.5 or 2.0 without mitigation, right? Because the tackling of climate crisis and its solution involves reaching net-zero by 2050, in line with the Paris Agreement’s formulation of “well below 2.0 degrees Celsius.” This, in turn, means that we need to decrease the amount of greenhouse gases in the atmosphere by more than 50 billion tons. Without that, the world will keep increasing its temperature to beyond 3 degrees Celsius by the end of this century.

But at the same time, when someone from the developed world says, “Otherwise, the world is going to be destroyed,” some developing countries—the Least Developed Countries and the Small Island Developing Countries in particular, which are at the forefront of the impact—they say in response, “Hey, we don’t have to wait until 2100 to see this destruction. For us, it’s now, it’s here. And guess who did this to us? Definitely, we didn’t do this to ourselves.”

And so, these developing countries argue that there is no moral argument to tell them—to tell those countries that are, for example, gradually being submerged by rising sea levels without really having contributed in any meaningful way to this—the GHG footprint of Small Island Developing Countries is less than 1 percent—there is no moral argument to tell those countries that, well, “Favor mitigation.” The developing world says, “Help us now. We need to adapt now.”

The OECD gives a number of \$116 billion reached in 2022—and not everybody agrees, for reasons having to do with, as you point out, creative accounting methodologies—but of that figure, only about \$20 billion is allocated to adaptation.

Adaptation, as you said, is about how to build resilient economies and resilient societies in the face of the climate crisis.

*Baku Dialogues:*

Do you mean that it's like cashing in an insurance policy?

*Soltanov:*

Well, it's like saying "Save what can be saved of the house and rebuild the rest to prevent the next fire by adapting to the reality, using better construction materials, and so on." That's adaptation.

And adaptation has really been trailing behind, because those who are supposed to provide the financing are also the ones that come up with the financing mechanisms, and these mechanisms are more aligned with the mitigation approach.

Having a 50:50 ration between mitigation and adaptation should not mean decreasing the absolute numbers for mitigation for the sake of adaptation. The right argument should be, "Let's increase the amount of mitigation, but that of adaptation much more, so that we have parity within \$300 billion."

At the same time, currently we are spending about \$20 billion on adaptation, but the need of the developing world is around at least \$300 billion, and so the money devoted to this needs to be increased by a factor of more than ten.

And although there were decisions made in Glasgow at COP26 in 2021 to at least double it, and this was repeated in Dubai during COP28 in 2023, we are still trailing way behind.

*Baku Dialogues:*

There are a number of reasons why I raised this distinction between adaptation and mitigation, and why I think it's important to get into

it a bit more, and one of them has to do with how this applies to the formulation from the COP28 decision text, in which the Parties called upon themselves to "contribute [...], in a nationally determined manner, taking into account the Paris Agreement and their different national circumstances, pathways and approaches [to transition] away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net-zero by 2050 in keeping with the science."

So, here I want to refer to the distinction between "transitioning away" from fossil fuels, in contradistinction to the term "phasing out," which was rejected by the Parties as being too radical because it presupposed bringing about fossil fuel burning down to zero. And this formulation that was adopted at COP28—so, not the more radical one—it was not repeated explicitly at COP29.

And while I don't want to get into the reasons for this, I do want to get into the following argument: The choice of the phrase "transitioning away from fossil fuels in energy systems," and the caveats that envelop that formulation, seems to me to at least keep open the door ajar for the cleanest of fossil fuels—namely, natural gas—to remain an integral part of the global energy mix for the foreseeable future, including beyond 2050. And particularly in the context of the developing world, in the context of adaptation, because energy demand is surging exponentially. And that's not going to change.

So, the argument is, basically, abundant and reliable and affordable energy fuels growth—you can't have real and sustainable growth with a low energy economy, without a source of energy that's heavily subsidized, and so on.

And so, it seems highly, highly unlikely that any of that can happen without natural gas at least being a baseload fuel. Particularly in the context of the wild ambitions to get to net-zero by 2050 and to get to stay as close to 1.5 and as far away from 2.0 as possible. Because in much of the developing world, the enemy at the gates is coal and biomass. And the most trusted way to replace coal and biomass is with natural gas—at least in much of the developing world. This reduces emissions, but it also does it in a sustainable way in terms of economic growth. Right? You take out



coal and you replace it with gas, you're still doing something. You're not making the perfect the enemy of the good, as goes the aphorism.

Sure, natural gas is not wind or solar, but it's way better than burning coal or wood or dung. Or paying way more for the installation of wind and solar infrastructure, and hoping that cutting-edge storage technology becomes a reality—and an affordable and reliable one, at that.

So, the adoption of natural gas—replacing coal with gas—is here seen as part of the adaptation conversation. But in the mitigation conversation, that way of thinking is unacceptable. Allowance versus condemnatory—you know, rejecting the idea—even that fossil fuels in general and natural gas in particular can remain an integral part of the global energy mix. Certainly before 2050, and even after that date.

### *Soltanov:*

As the CEO of COP29, and as a Deputy Energy Minister of Azerbaijan, I'm not an apologist for fossil fuels. I never had any instruction to do this—or anything along those lines. There were some Parties that were making the case for fossil fuels at COP29, but it wasn't us. This is mainly related to the fact that we have been the impartial leader and host of the negotiation process at COP29. Yet, it also needs to be noted that Azerbaijan produces less than 1 percent of the oil and gas in the world. It's very clear that the scientific community tells us that fossil fuels are accountable for about 70 percent of current anthropogenic greenhouse gas emissions, with coal being the largest emitter, followed by oil, and then natural gas. But fossil fuels are not all that is producing GHGs. The rest—the 30 percent—is coming from agriculture, industrial processes, and waste sectors.

Moreover, certain Parties underline that the Paris Agreement does not talk at all about fossil fuels. It talks about emissions—as does the UNFCCC. And so, these Parties argue, that the focus should be on emissions.

### *Baku Dialogues:*

Right, something like the way that the Montreal Protocol for reducing CFCs in response to ozone depletion adopted a logic of “policy blindness” regarding the means and technologies used to achieve the targets that were set forth. This is the “whatever works” argument.

### *Soltanov:*

And so, there is an argument that we should focus on curbing emissions, such that we reach 1.5. This makes theoretical sense. But technologically, we are not there. Maybe we will get there in the future—maybe we will have technology that could, in fact, take all the carbon dioxide and other greenhouse gases coming from fossil fuels and other sources, like agriculture, and bury them underground—although there are geological limitations to this approach. But we don't have those technologies today. And it would be a luxury we can't afford to wait for—and to say, “Okay, let's continue with a business-as-usual approach to fossil fuels because at one point we will have the technology to remove the emissions.” Therefore, there is no option but to decrease the consumption of oil coal, oil and gas significantly to attain net-zero by 2050.

Now, in terms of emissions, you are very correct that coal is—in terms of per unit of energy produced—about 80 percent more polluting than natural gas. And there was a decision at previous COPs about phasing out “unabated” coal. But again, coal today—if you look at the combusted fossil fuels—produces more greenhouse gasses than oil and gas (thankfully, Azerbaijan is neither a producer nor consumer of coal). And then comes oil. And then comes natural gas, in terms of pollution rates.

Following this line of thinking, natural gas might have a specific place in the overall decarbonization process for two reasons.

First, because it's the cleanest fossil fuel. And therefore, if, in the case of Azerbaijan, for instance, our gas replaces coal in Türkiye and some European markets—as it does—that constitutes partial decarbonization.

Let also underline that net-zero is not the same thing as absolute-zero. It's important to make this clear. That means that whatever we do—even in 2050—the world is still going to be burning some oil and gas, and even some coal. But we will find a way to remove all these greenhouse gases out of the combustion process, and we will find a way to get rid of them one way or another. But more gas—more gas replacing oil and coal—that is already decarbonization.

The second reason that natural gas can play a specific role in the overall decarbonization process is the ability of gas-fired-power plants in balancing the intermittency of renewable energy—specifically solar and wind. Currently, it is the best available technology there is.

Yet, at the same time, the constructive role of natural gas in helping to achieve net-zero is conditioned by two factors: The elimination of its emissions and the avoidance of what's called the lock-in effect. Natural gas is a 28 times more potent greenhouse gas than carbon dioxide.

Therefore, as long as we make sure that natural gas is not locked-in forever, and as long as we understand that it's about partial decarbonization, and that its emissions need to be captured and offset, it could and does help us in our drive towards a net-zero world. This must be the reason why there are COP decisions referring to natural gas as a “transitional fuel.”

The COP28 decision—to which you referred—on “transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner,” well, is a COP decision to be taken seriously by all Parties, including Azerbaijan. And the fact that the Parties didn't agree to repeat that formulation at

COP29 does not dilute the importance of the decision taken at COP28. It stands, and we have to adhere to it.

### *Baku Dialogues:*

And you're committed to that?

### *Soltanov:*

Of course. I'm very glad that Azerbaijan became a Party to the Global Methane Pledge. Moreover, our state-owned energy company, SOCAR, became a Party to the OGDC—the Oil & Gas Decarbonization Charter and to OGMP 2.0—the Oil & Gas Methane Partnership 2.0. This is the flagship methane reporting standard in the world, led by the United Nations Environment Programme. These indicate that we take our responsibility seriously in terms of natural gas emissions, as well as fossil fuels in general.

### *Baku Dialogues:*

But there's another thing that Azerbaijan is doing—that your country is, in some sense, at the vanguard of—and that is your green electricity cable megaproject: This idea of linking electricity generated by wind and solar sources in the Caspian and transporting it via Georgia, which is to contribute some electricity generated from hydro sources, and then via undersea cable across the Black Sea, to markets on the European continent.

And this brings to my mind something about which President Aliyev has spoken several times, namely the attempts to politicize or boycott the COP29 Presidency, which didn't succeed in any serious way, but one of the potential casualties—if I can put it that way—of that attempt, was that there wasn't this expected announcement, or side event, that was supposed to highlight the Black Sea Green Energy Corridor—this potentially game-changing undersea cable megaproject, which involves two EU member

states, Romania and Hungary (and there may be more), and which enjoys the support of the European Commission.

And it casts a bit of a shadow on the likelihood of extending it east—of making the megaproject more mega, if I can put it this way—by involving the generation of electricity by wind and solar sources in Kazakhstan and Uzbekistan, and then transmitting this via an undersea cable across the Caspian into Azerbaijan, before latching onto the other megaproject.

And, well, for me at least, it was unfortunate that this didn't happen. It was a missed opportunity. And, frankly, it's hard to understand why whoever makes these sorts of decisions in Brussels and elsewhere made the decision that they made. Simply put: It goes against their interests, their plans, and their vision—at least as they in Brussels and the member states understand all this.

It certainly would have added to Azerbaijan's narrative that it is working in partnership with the EU and its member states into becoming a strategic energy producer and exporter, and not just an oil and gas producer and exporter. And that this narrative—this vision—is fully supported by the EU, particularly in the context of what the EU has been seeking to achieve in terms of the energy “transition.” And that the financing is going to happen, because this is in the EU's interest, and so on. And you'd think, therefore, that the EU would jump at the opportunity to show what an exemplary global citizen it's being, and how forging green energy partnerships with a key country in the next geopolitical theater over really is the wave of the future, it's not just pie in the sky, and so on.

And yet...

### *Soltanov:*

I don't feel that Azerbaijan has any special responsibility, because I don't feel like there's any difference between producing, exporting, and consuming fossil fuels. Any transaction regarding fossil fuels happens voluntarily within the context of a global free market. Nobody forces anybody to buy them. If there's a country that decides not to use or buy

coal, oil, and gas, then it is free to do so. The same applies to corporations and individuals.

There's this unfair emphasis on production. I think the emphasis should be put as much, if not more, on consumption.

Consumers in the developed world get out of their heated or air-conditioned homes and offices, drive their cars, use all sorts of electronic gadgets and the internet, hop on planes, burning through fossil fuels at a much higher rate than consumers in the developing world, and then claim to be climate-warriors. Who is the scapegoat? Of course, producers. I do not find this attitude scientifically and morally valid, nor is it sincere and constructive. Take Azerbaijan. We are a developing country as per UNFCCC, and—as I've already pointed out—we produce less than 1 percent of the world's oil and gas. And we produce and consume zero percent of the world's coal.

Our oil production has been decreasing since 2010—and not just because of geological factors. It's a conscious policy choice we have made. Our gas is plateauing, although it could increase. But if there is any increase, it will be most likely be due to a deal with the European Union, which is probably the most stringent climate negotiator in the world.

### *Baku Dialogues:*

Can I interrupt to ask: What about Türkiye? Would it not work just to do it with Azerbaijan's ally Türkiye, because the Turks have this ambition to be a regional and maybe even a global gas hub—a storage and distribution hub—and now, with some of their own discoveries, they will probably also become also a producer.

### *Soltanov:*

Definitely, our options are open. What I meant was that we currently have this MoU with the EU from July 2022 that refers

to the potential to double the capacity of the Southern Gas Corridor—so, about 10 bcm per year. And they asked for that. And sure, Türkiye would be an integral part of the process, but chances are it will happen together with the EU. My main point is that that, in case our gas production goes up, it will be in line with the world's decarbonization efforts.

Now, regarding the Black Sea Green Energy Corridor, we are not championing this because of some feeling of special responsibility—and I know you weren't suggesting that.

Azerbaijan has been at the forefront of energy revolutions, starting from the second half of the nineteenth century. And we accumulated enough experience, enough know-how, enough connections, and enough business savvy to be at the forefront of the next energy revolution—and this time, its color is green.

The Caspian-Black Sea-Europe Green Energy Corridor initiative was made possible by the discovery of huge offshore wind resources in the Azerbaijani sector of the Caspian, and we started this process with Georgia, Romania, and Hungary, as well as with the European Commission. We also hope to extend the megaproject forward by expanding it eastward, to Central Asian countries: To our Uzbek and Kazakh brothers. Currently the Central Asia-Azerbaijan Green Energy Corridor is conceptually and legally a separate project, but the chances are that in the future they could get merged.

### *Baku Dialogues:*

Let's turn now to another aspect of Azerbaijan's COP29 Presidency—the 14 Global Initiatives. This is part of what was called the COP29 Presidential Action Agenda. And I want to put that together with this Green Energy Corridor, in a conceptual sense, and with what you said earlier about Azerbaijan having been at the forefront of various energy revolutions, including now, with this megaproject, the green energy revolution.

### *Soltanov:*

Yes, one of our 14 Global Initiatives was our COP29 Green Energy Pledge on Green Energy Zones and Corridors. Another one was the COP29 Global Storage and Grids Pledge, which emphasized grid scale battery storage systems.

I think all of our Global Initiatives got very good traction. We had a lot of Parties and a lot of corporations signing onto them.

Now, regarding our Caspian-Black Sea-Europe Green Energy Corridor initiative, I want to mention that there are some similar projects between Egypt and Greece, between Italy and North Africa, and between the UK and Morocco. But the bottom line is that there are not that many projects in the world like ours, and so we are one of the harbingers of this latest energy and technological revolution. And we are very happy about that.

The cross-border electricity business is both financially and technically more complex than other similar energy businesses. First and foremost, electricity is a very capricious commodity: It has to be consumed as soon as it's produced. Transmitting green electricity across the grids or territories of different countries—to eventually end up in the EU's grid system is going to be a real challenge—you know that some of the most conservative entities in the world are grid operators. And add to that the expense of the project.

But again, we have significant experience—we have put together several projects of similar complexity in other fields of energy, like the Contract of the Century and the Southern Gas Corridor, which has many moving parts. And these experiences really work in our favor regarding the green energy revolution. We have every intention to utilize this experience—to apply it to this megaproject. We need to wait for the feasibility study to be completed.

By the way, Azerbaijan already established JVs—the first one with Georgia, Romania, and Hungary—and a second one with Uzbekistan and Kazakhstan. This second one will be headquartered in Azerbaijan, while the first one will be headquartered in Romania. Both will be led by an Azerbaijani during their first terms.

We have received a lot of support, including from the European Commission. Everyone understands the strategic issues at play—besides the commercial ones. So, at this point, it's really just a matter of making it work.

### *Baku Dialogues:*

But here the adequate financing of this project is obviously an integral part of making it work, as you put it. And the EU should be part of the financing—directly, and through the banks and other financing mechanisms they control.

And I want to bring that back to the question of general climate financing. Because it seems as though, if one were to pick projects that would make sense to be put in the general category of climate financing, this green cable project ought to be a natural fit—at least, that's how a layman would see it—it's certainly how I see it. So even if the Black Seas Green Energy Corridor could not, for technical reasons, draw on NCQG funds, it seems to me that just the idea is what the Americans call a “slam dunk” project or initiative.

And yet, it doesn't seem to be moving as fast as one would otherwise think it ought to move. And—I mentioned this already—Azerbaijan wanted to have an event that was focused on this, in the context of COP29, because it really is a success story in waiting. And yet, that didn't happen. There were geopolitical factors, there were other factors, too. Nonetheless, it was a missed opportunity. Now, that's on those who didn't want to make it happen. And there's not much use in crying over spilt milk, so let's not. But I would like you to comment on whether you think these kinds of green megaprojects should be highlighted at future COPs.

### *Soltanov:*

Offshore wind projects are very complex technologically and financially. You have to take measurements for at least a year, which we are already starting to do. And from the very start, we made it very clear that we want investors to come in, to invest, and eventually mainly to export this green electricity generated by offshore wind. Most of such investors will be headquartered in other countries, but they are expected to be joined by domestic corporations too. We believe our experience with earlier Production Sharing Agreements could provide a certain business model here as well.

In our northern part of the Caspian, we already delineated five offshore regions, and the measurements are starting. In water bodies you need to coordinate and clarify aviation, fisheries, navigation issues, and so on. Eventually, this project will be viable on the basis of the cost of production, the price of electricity in the EU markets, and how much of a margin remains in the middle.

We believe that it will work, and the pace of moving forward is conditional on the outcome of the full feasibility study—as I've mentioned—and on the investors' proposals that will come out in its wake. I think there are really interesting tools and synergies that could be put together making sure that this works.

But on the financing issue you asked about, the answer is yes. I do believe that significant portions of our Caspian-Black Sea-Europe Green Energy Corridor project will eventually qualify for climate finance. I think we can get really good loans from multilateral development banks for this project.

### *Baku Dialogues:*

The Azerbaijani COP29 Presidency had, as you mentioned, 14 Global Initiatives, among which were the COP29 Green Energy Pledge on Green



Energy Zones and Corridors and the COP29 Global Storage and Grids Pledge.

And you said that they all got very good traction. Now, at the same time, some clearly had more visibility and buy-in than others. Can you highlight two or three of them that you thought really have wings—that can become an integral part of the COP process for many years to come? So, for instance, one or two that the forthcoming Brazilian COP30 Presidency might consider taking on as a matter of continuity?

### *Soltanov:*

In the decarbonization process, there are seven sectors of the economy that we deal with. Regarding these seven sectors, there are low-hanging fruits and there are not so low-hanging fruits.

For instance, agriculture is difficult to decarbonize, and it's about food and livelihood, and so this makes it a very sensitive area to decarbonize. Likewise, greening the industrial processes will take time—it's not impossible, but it will be very expensive, and the technologies are not all there yet.

But there are lower-hanging fruits. The power sector probably tops them. It is also one of the most polluting ones among the seven sectors I mentioned.

Another low-hanging fruit is transportation. And perhaps also about buildings—you know, heating and cooling.

The point is, for all of these three lower-hanging fruit sectors, there is a need for very resilient and interconnected grid systems, which have a lot of battery storage systems and are tied into green power production facilities.

Therefore, I think the most memorable and consequential COP29 Presidency Global Initiatives are those related to grid interconnections, battery storage systems, and how we make

domestic grids resilient. These are the bottlenecks, in terms of collecting the low-hanging fruits. That's why the corresponding Initiatives our Presidency put forward to deal with them are so important. International interconnectors are not just about commerce or about getting the most efficient green energy; They are also about making domestic grids more resilient with the help of external support systems. Balancing the green energy problems could thus be outsourced, increasing the overall share of green energy for all.

I would also like to mention the COP29 Declaration on Water for Climate Action. In fact, I've never seen as much support for any other Initiative. Water is an issue—a medium—through which the climate crisis is being felt and experienced all over the world. Moreover, the water issue is mostly about adaptation.

The next Global Initiative to mention is the Baku Global Climate Transparency Platform, or BTP. Since one of the major issues, both in terms of climate finance and climate action—the two issues that will take us out of this climate crisis—is lack of trust. Are donors really paying what they promised to pay? Are beneficiaries really doing what they promised to do? This brings us to the issue of transparency. Currently, this is supposed to be realized through so called Biannual Transparency Reports—getting this right is crucial for the climate deal to work. This is what Azerbaijan has been doing throughout 2024 and, currently, and this is what we will continue to do for years to come.

### *Baku Dialogues:*

I'd like to follow up on this by bringing up the Troika—the mechanism of the COP Presidency Troika. This is an innovation in the work of COP, and it was conceived by Azerbaijan. It helps provide institutional continuity and institutional memory of COP Presidencies, but through the Parties that hold them, and not just through the UNFCCC Secretariat, which is its own bureaucratic animal.

And the Troika seems to be a good invasion introduced by the COP29 Presidency, and I would like to see if you could link that to the BTP and some of the Azerbaijani Presidency's other COP29 Global Initiatives that increase the likelihood that they will really assume a life of their own, which, presumably, is one of the reasons why you proposed the Troika mechanism.

### *Soltanov:*

COP28 was about diagnosis in terms of whether we are on course to achieve 1.5 or well below 2.0 degrees Celsius. The result? No, we are not. What do we need for that to happen? Well, new action plans, which are mainly reflected in Nationally Determined Contributions or, as we say, NDCs—there are others, like National Adaptation Plans or NAPs, Long Term Strategies or LTSs, and Biennial Transparency Report or BTRs. But the main focus is on NDCs. New and more ambitious NDCs are needed for course correction, which is going to be the focus of COP30 in Brazil. Then, the question is: What is needed for such ambitious NDCs to be submitted by the Parties? And the answer is: Definitely, climate finance—and this was the central issue to be decided at COP29.

Therefore, the Troika was about building this golden triangle to achieve timely net-zero for a 1.5 world. And so, this was logic behind establishing the Troika.

### *Baku Dialogues:*

With its COP29 Presidency and with the hosting of the actual COP29, let's take it that Azerbaijan exceeded expectations—both technically and substantively. But this brings us to the \$64,000 question, so to speak. Can the COP process go ahead without sufficient money?

Let me lay it out. Of the Annex 1 states—and these are more or less the OECD states—the United States is now effectually out, because President Trump has withdrawn his country from the Paris Agreement. Whenever

Canada holds its next election—later this year, probably—it seems quite likely that Ottawa will be, let's say, half-out of Paris—in the sense that I doubt Ottawa will contribute much to the NCQG pot if the election goes as expected, for example. Certainly, the new government will put less in than the current government pledged to do.

And is likely to put Japan on the fence, because they'll want to do more of their own thing—or, better put, at the end of the day, they will not want to be the only other G7 country—or the only serious OECD country or the only serious Annex 1 country—standing with the European Union and its relevant member states.

And part of that is that they don't want to spend the money—or a disproportionate amount of, say, the \$300 billion, if the Americans are out and stay out. Another is that they don't want to transform their economies if other major players won't be doing that, because it will kill their comparative advantage.

Anyway, my point is that, basically, you could argue that, effectually, the EU is all that's left. Another way of saying that is that the EU is isolated—or EU member states being isolated in terms of the Annex 1 countries, in terms of really going all-in with climate finance, the NCQG, and so on.

And sure, there are other donors out there—here we can mention China, GCC states like Saudi Arabia and the UAE, and so on—but they too will probably do their own thing. They certainly won't want to volunteer to become Annex 1 countries, for instance.

So, this really does raise the question: Is the COP process viable going forward? Because without the money, all you're left with is the pessimistic diagnosis from COP28, the commitments that were agreed at COP29 not being fulfilled—or at least not the ambition to fulfill them rapidly, and to scale up, and to really push for breakthrough climate financing is, well, the momentum is not there. I'm simplifying, but you get my point.

Now, this has nothing to do with the with the ability of the COP29 Presidency. I'm just describing a likely trajectory. Sure, the Brazilians will put on a great COP30, but it really does look like we might be moving back into the domain of wishful thinking in terms of concrete outcomes.

And so, the question really is, in this particular geopolitical moment, how optimistic are you?

*Soltanov:*

There are things we can control, and there are things we cannot control. And we are consciously choosing to focus on things that we can control, and especially on things for which we have a mandate to tackle.

To be honest with you, I think we should do our best and understand that there is no other option but net-zero as soon as possible, meaning 2050. Anything that will push us towards this goal is worth supporting. The UNFCCC and its extensions, the Kyoto Protocol and the Paris Agreement, are the legitimate global frameworks for action. Upward and forward.

The world didn't move—starting in the mid- to late nineteenth century—from coal to oil, which is a better fuel in terms of greenhouse gas emissions, because governments came together with a decision. No, the world made that move because it made technological and economic sense to do so.

I increasingly believe that that the solution is really in technology and the cost of green solutions, as compared to traditional/polluting solutions.

Why do we have difficulties in transitioning to a green economy? Well, because green technologies are more expensive and simply not there yet—although there are an increasing number of exceptions. Therefore, as soon as the green way of doing business becomes cheaper than the traditional ways, the game is going to be over—to the benefit of saving the world from the climate crisis.

Today, we're not at that "game over" point. Yet, we're getting close. Too slowly, but we're moving in the right direction. To me, all these COPs are there for the Parties to come together

and give a political push to the process—a push that is powerful enough to reach that crucial point. After that, market forces will do wonders, and it will be a matter of time before this crisis is over.

This is, I think, our mission.

*Baku Dialogues:*

That's a very good way of putting it, because the pushing, which never happened before in previous transitions from one fuel to another—certainly not with the incredibly large amounts of money, subsidies—but in this case, right now, you could at least make a plausible argument that that this pushing is necessary now, precisely because of the impact that climate change is having. But also, it's important for this interventionism not to be more than just a push. In other words, you push until the market forces are able to really take over.

*Soltanov:*

Exactly.

*Baku Dialogues:*

Because if all the Parties and the philanthropies and the other donors do between now and 2050 is basically to subsidize this shift, then it will work, right? That's the argument.

On the other hand, you know as well as I do—actually, you probably know this much better than me—that that we're not actually yet in an energy "transition." The world is actually not "transitioning." We're talking a lot about it, and the developing world is putting a whole lot of money into it—including in R&D. But it hasn't happened in the way that at least some would like. Not yet, anyway.

So, this raises the following question: How do you push to get to that point?

*Soltanov:*

It's slower than we need, but it's faster than we expected.

Let me give you an example: In 2023, renewable energy capacity globally increased by 500 GW. This is equal to the total electricity generation capacity of India, which is third behind China and the United States. That's not enough. But in and of itself, that's amazing. Things like this keep happening.

My personal opinion is that we have reached the point of no return in terms of the green transition. That there's no going back.

The issue for me, therefore, is about how we speed up the process even more—not whether the process will succeed.

All this being said, we should make sure that this green transition is—at the same time—a just transition.

*Baku Dialogues:*

Well, yes, we mustn't downplay the importance of the question of justice. I'm afraid getting into it further would require much more time than we have. In some sense, we've touched already on it in the context of talking about the COP28 decision text, which references “different national circumstances, pathways and approaches [to transition] away from fossil fuels in energy systems, in a just, orderly and equitable manner.” And, also, when we spoke about the various textual references to “common but differentiated responsibilities.”

Regretfully, Dr. Soltanov, we need to leave it at that. Thank you very much for this insightful and wide-ranging conversation.

*Soltanov:*

You're very welcome. I appreciated this opportunity.