



# LIELKRŪZES: CIRCULARITY IN A MULTI-FUNCTIONAL FARM

## AUTHOR

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## HIGHLIGHTS

- *Lielkrūzes is a multifunctional farm that illustrates a low-tech and knowledge intensive circular business whose owners adhere to the principles of environmentally friendly landscape management and regenerative agriculture.*
- *The success of Lielkrūzes is due in large part to the commitment of the owners and the identity that they have built for the brand.*
- *Lielkrūzes highlights the role of traditional practices and informal collaborative relationships in maintaining small-scale circular business initiatives, even though the specific conditions will be difficult to replicate and pose certain risks.*

## ABOUT THE CIRCULAR PRACTICE

Lielkrūzes is a multi-functional farm located in the Vidzeme statistical region in Latvia. The farm engages in agriculture, aquaculture and forestry, and implements a range of intra-sectoral and cross-sectoral circular solutions. The farm is well known in Latvia for the owners' strict adherence to the principles of environmentally friendly landscape management and regenerative agriculture. Several of their activities revolve around raising environmental awareness and the popularisation of environmentally friendly farming practices. The owners strive to maintain national traditions (incl. an ethnographic farmstead), host cultural events, engage in on-farm training activities, as well as collaborate with researchers and environmental NGOs.

Circular resource management plays a crucial role on the farm. There are several commercial activities and revenue streams that rely upon circularity, even if these activities are not circular themselves. The farm illustrates the potential of a business model whose value proposition is fundamentally based on implicit circularity and a commitment to regenerative agriculture and environmental management.

## BUSINESS MODEL

Foundationally, the farm's business model is based upon a commitment to a certain way of farming and interacting with the natural environment. The value proposition of Lielkrūzes is ultimately based on the provision of ecosystem services and goods produced in an environmentally friendly and regenerative manner, which simultaneously relies on allusions to folklore and national heritage. The business relies on several concurrent revenue streams that ultimately derive from the farming and management practices of the owners, and the valuation of these practices by different partners and client bases. Firstly, there are sales of products grown and produced on the farm. Secondly, the owners organise a variety of social and cultural events at the farm. Thirdly, the operation of the farm is enabled by public support in the form of subsidies. Finally, the owners are open to collaboration with scientists and environmental NGOs with whom they work together in different projects. This also provides additional revenue. Value capture involves both practical solutions implemented on the farm and the maintenance of social networks crucial for continued revenue generation. Thus, while each of the revenue streams requires different skills and solutions, most



CIRCLE

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## ABOUT CIRCLE

*The CIRCLE project aims to develop an interdisciplinary perspective on the circular economy in the Baltic-Nordic region by integrating insights from sociology, economics, philosophy, political science, and environmental science. The emphasis is placed on the use of by-products (bio-resources) generated as part of primary production in agriculture, forestry, and aquaculture and across the sectoral boundaries to explore the underlying models of socially- and commercially-driven collaborations, and the factors facilitating and hindering the development and wider use of circular practices and collaborative arrangements thereof.*

*More about CIRCLE:  
<https://circle-eea.eu>*

*More about Lielkrūzes:  
<https://lielkruzes.lv/>*

involve the combination of the owners' intellectual capital and practical skills (in the form of circular farming and environmental management practices) and social capital (in the form of relationships with clients).

## OPPORTUNITIES AND CHALLENGES

A foundational element of the circular business in Lielkrūzes is that it is a family-owned farm and enterprise. The success and recognition that the farm has enjoyed is due in large part to the commitment and enthusiasm of the owners and the network of social and cooperative links they have established. However, there is no clear succession plan in place, which presents a risk for the long-term prospects of the farm and the current business model. Likewise, the location of the farm and the farming traditions of the region can be considered an advantage. However, this also poses certain risks, as changes in land ownership and land use can jeopardise the long-term prospects of the farm.

Lielkrūzes benefits from recent trends in rural and eco-tourism in Latvia and growing demand for artisanal products, facilitated, in part, by the digital transformation. While the approach of Lielkrūzes is not unique in the local rural tourism landscape, the farm and its owners are both regionally and nationally prominent and host a wide variety of cultural events. From a policy perspective, it should be noted that recent trends to incentivise organic farming and biodiversity have created an additional source of income for the owners of Lielkrūzes. However, recent research suggests that the markets for local products and ecosystem and cultural services in Latvia have been quite volatile, and the COVID-19 pandemic and the high inflation of recent years have had a significant negative effect on businesses such as Lielkrūzes.

Finally, one could argue that urbanisation and regional population dynamics are also of note, though their impact is perhaps less clear on Lielkrūzes. The farm itself does not suffer as much from regional depopulation which is characteristic of many parts of Latvia. However, population shifts may also lead to changes in land ownership and land use, which may be important for businesses whose success is contingent upon the specificity of the local ecosystem.