



(From left) Joe Parker, Roger Denhart and farm director Sasha Gordenko oversee operations at Freedom Farm International in Ukraine.

# From communism to cash rent

*Farming 20,000 acres in Ukraine is an adventure in capitalism that nets \$100 an acre for this Illinois farmer.*

■ *By Mike Wilson*

Eleven years ago, Roger Denhart went on a church mission to the former Soviet Union, hoping to work at one of the few state-approved churches allowed to stay open during the communist regime.

But something happened to the Champaign County farmer while he was away on his spiritual journey. “I went, and the first thing I notice is this flat, black land,” recalls Denhart, who farms 260 acres near St. Joseph, Ill. “I’m thinking, there must be some incredible soils here. But the yields were not impressive.”

Denhart came home and reported what he saw to an investor friend, Joe Parker. When he described the black soils, Parker’s eyes got as big as saucers. “‘We ought to be farming there,’ said Parker. I thought he was crazy,” Denhart recalls.

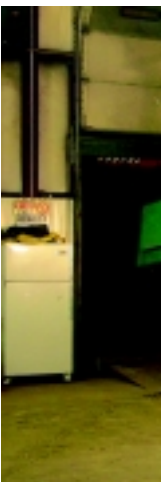
Denhart’s trip came on the eve of the collapse of the Soviet Union. Since then Ukraine has struggled to reform its economy, but the fact that Denhart and Parker operate a 20,000-acre farm there proves things are changing. Sure, it’s different from home — the two work with 1,000 landlords and 180 employees, some of them still trying to puzzle through this thing Denhart calls “Kapitalism.”

“The free market is working in Ukraine,” says Denhart, 47. “It’s just taken much longer than we thought.”

It’s beginning to work *very* well for Denhart and Parker, who say they are netting close to \$100 per acre after all costs on irrigated land, thanks to good agronomics,

(Right) Joe Parker helps load a no-till drill for shipment to Ukraine.

(Far right) Alexi Vinnick oversees the herd of Big Ukrainian Whites at the farm’s hog operation in Doobivka village.



lots of hard work, inexpensive land and fixed-up old equipment shipped in from America.

How Parker and Denhart built the farm from scratch is a tale any entrepreneur would relish.

### 'WORTH THE RISK'

You might think these two Americans are crazy for trying such a stunt, considering the unstable political and economic environment found in the former Soviet countries in the early 1990s.

"We were apprehensive, but we thought it was worth the risk," says Denhart. "I'm a farmer, so I'm used to risk."

Denhart and Parker launched Freedom Farm International Inc. (FFI) in a region called Oblast — about six times the size of Champaign County. They first established partnerships with existing collective and state-run Ukrainian farms, but found very little success.

Things started looking up in the mid-'90s, when the collectives began facing pressure to profit without government help. "They were failing miserably — sometimes they wouldn't have enough money to plant the entire farm, and would leave half the land idle," says Denhart.

The Ukrainian government noticed private farms were doing better, and it could not tax idle land. So it began allowing cash rent. "That was a

turning point to our success," says Denhart. "They made it legal in late 1996. The big state-run farms were just folding up."

Freedom Farm's break came when they rented a 3,000-acre parcel with a reputation for failure. But Denhart no-tilled soybeans into a poor stand of corn stubble and reaped 53 bushels per acre — at least twice the historic yield for the area.

This past year, the farm averaged 144 bushels per acre of corn and 50

company's village representatives. Instant public relations.

Freedom Farm's 180 employees make around \$100 a month — good wages in a country where the average per capita income is about \$25 per month, according to the International Labor Office. Freedom Farm also hired a Ukrainian lawyer to work with village reps to sign contracts with landlords.

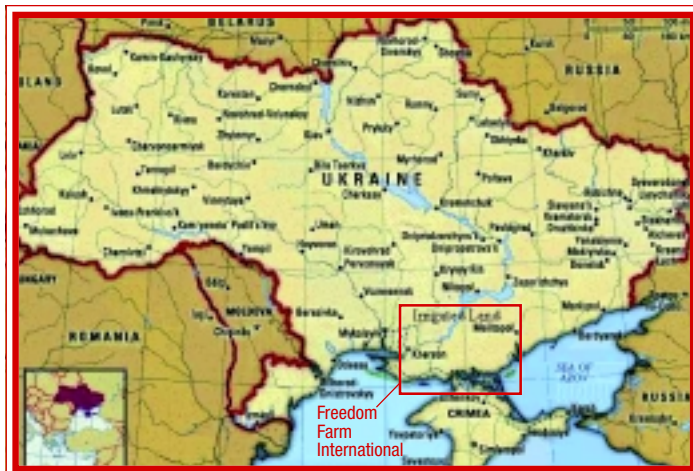
One way Denhart boosts profit is by disassembling and shipping old

American farm equipment to Ukraine, where his mechanics re-assemble the machinery. "We buy a lot of worn out, smaller equipment," he says. "An eight-row planter is as large as we get, but we have nine of them. That's the real key to our operation and one of the reasons we can net \$100 an acre on irrigated acres."

He's already shipped three container loads of parts and machinery this year. Freedom Farm pays less than \$3,000 to ship a 40,000-pound container — the size of a semi-truck.

"We just ordered a new sprayer with 90-foot booms," he says. "We sent over two John Deere 750 no-till drills this year. We're excited about these, as we want to no-till some feed peas, soybeans and then wheat after soybeans this fall. These drills should work wonderfully in our dry climate." Southern Ukraine soils receive on average 13

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bushels per acre of soybeans on irrigated land.

### BUILDING A BUSINESS

Once Denhart and Parker found success, Freedom Farm began growing. They hired Alexander (Sasha) Gordenko in 1993 as farm director, a bright and trustworthy local who quickly grasped free-market basics. Sasha went to each nearby village to find smart, friendly schoolteachers and hired them to work part-time as the



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inches of rain compared to 39 inches annually in Illinois.

### MULTIPLE LANDLORDS

Today, all of Freedom Farm's 1,000-plus "landlords" are former workers on the collective farms. After years of empty promises, the Ukrainian government in 1999 gave out 20-acre land certificates to each former worker. Few had the resources or knowledge to make a living off such a small acreage, and were discouraged when the larger, "professional" communist farmers tried to cheat them, says Denhart.

After the initial success with the 3,000-acre tract, another 3,000-acre plot came up for rent. He did get the ground, but only after pleading his case before a local town meeting.

"A brave soul finally broke the ice and started asking questions," recalls Denhart. "The concern was that they would become slaves to Americans. I see these people now and remind them I work for them. They are my boss. When they hear that, they just beam."

Local cash rent averages \$15 per acre for non-irrigated land to \$70 for irrigated, although many of the landlords prefer barter.

"Most have chickens, ducks, and a horse or cow in the backyard," he explains. "They tell us they prefer their rent in grain, alfalfa hay, soy meal, barley straw or coal. They can't buy it in a local feedstore."

Denhart has honored plenty of odd requests in lieu of cash: one man needed a hernia operation; another needed an advance to pay for a daughter's wedding. When the local



Landlords collect wheat as barter payment for land rent.

## Clothing Ukraine's poor

It's not surprising to walk around the Ukraine villages where Roger Denhart and Joe Parker farm, and see folks wearing American high school letter-jackets, or sweatshirts emblazoned with "FIGHTING ILLINI."

Those clothes came to the Ukrainian communities through an American Christian clothing ministry called MASTER Provisions, which last year shipped 27, 35,000-pound container loads of clothes to Ukraine. Over the past eight years, 113 containers from all over the United States were sent and distributed to Ukraine's poor.

"The clothes ministry is going great," says Freedom Farm's Joe Parker, who was the inspiration behind this ministry. "It's one of those things that wouldn't have happened if we hadn't been there farming." Last October, Denhart's church in Champaign and a few area churches collected over 35,000 pounds of clothes for the fifth year in a row.

The clothes go to five Christian Evangelical churches in Ukraine, who give about 25% of the garments to the very poor and those with big families. The rest is sold in Goodwill-type shops. This generates money that pays for building rent, ocean freight, taxes and salaries, says Denhart. "They even make some profit, which then goes back to the church to pay pastor salaries, and utilities." ♦

bakery closed down, one village had no source for fresh bread. Freedom Farm took over the bakery and now some of the farm's wheat is milled and baked for the villagers. His landlords, many of whom own no vehicle, can still walk to the bakery and buy bread, and have the 60 cents per loaf deducted from their rent.

"We brought over 80 pounds of hybrid vegetable seed and divided it up and gave it to all the landlords," he recalls. "Everybody got cucumber, squash, tomato, carrots and lettuce seed. One lady said, 'No one has ever done anything so nice for us,' but it was nothing to do that. These people are poor and they have no means of buying their own hybrid seeds. This makes a huge difference in their big gardens and means much higher yields for them."

### EXPANSION MODE

The Ukrainian government passed favorable tax laws three years ago that allow Freedom Farm to take money they would have paid in taxes, and plow it back into the farm. That freed Denhart to look for more ways to integrate the business vertically.

"There is strong demand for soy protein," Denhart says. The farm's soybean processing plant runs 24 hours a day, seven days a week. "We are also selling mixed chicken feed, custom ground at a local feed mill. We will use this one until we get our feed mill and grain dryer built. We are selling about 35 tons of mixed feed per day."

In 2001, Freedom Farm bought a 10,000-head hog operation from a bankrupt collective farm, stocking it with 195 gilts and 30 boars. Freedom Farm now has 2,000 pigs at three locations. "We hope these hogs will be one of our biggest feed customers," Denhart says.

Today the farm includes 7,000 acres of irrigated soybeans, 2,700 acres of irrigated corn, 7,000 wheat acres and 500 acres of barley. This year it will also grow some feed peas, alfalfa, grass hay and a couple fields for village landlord gardens. Denhart envisions the farm growing to 30,000 acres before leveling off.

And he makes no apologies for Freedom Farm's success.

"We're capitalists. We're there to make money," he says. "Are we making a profit? Yes. But it's one thing to make a living. It's another thing to make a living and make a positive difference in people's lives. That's cool." ♦

To learn more, see *Freedom Farms' Web site* at [www.farmukraine.com](http://www.farmukraine.com).