Introducing the Meat Naturally Pty:  
- taking the communal livestock sector from
  “Grassroots to Grill”
NGO dilemmas:

- What happens after funding period?
- Small pilots are fine, but how to amplify?
Conservation as a land-use…
47% of livestock is on communal lands

53% of livestock is on private lands

5% of market

95% of market
Key barriers to market entry for communal farmers…

- Distance to market;
- Health of animals (presence of parasites in cattle);
- Condition of animals is often too poor to be attractive to meat purchasers;
- Little traceability and even proof of ownership lacking, branding;
- Current meat classification system not in favour of older naturally raised animals;
- Poor rangeland condition from historic overgrazing and “tragedy of the commons” management prevents herd improvement for commercial sale.
Rangeland Restoration: Ward 14, Matatiele, Eastern Cape

Introducing EcoRangers and collective herding PILOT PROJECT
Original pilot area – Matatiele Local Municipality
Alternative improved grazing management system

• Rotational rest system – “Maboella”
  – Full season rest of set-aside area
  – Act as standing fodder for winter grazing
  – **Upside:** easier to implement with some recovery benefits to veld
  – **Downside:**
    • does not inhibit daily livestock movement and necessarily improve livestock management/animal husbandry.
    • Lack of stock-posting benefits
WHAT APPROACH IS USED?

• Approached tribal structure firstly (chief and local headmen);

• Working with villages keen to improve, but willing to commit and test;

• Work with NGO partners where trust relationships are in place;

• Integrated with alien plant eradication and restoration of ecosystem services (water catchment area);

• NB – CONSERVATION AGREEMENT APPROACH
Upper Umzimvubu Catchment Clearing: 50 people clearing only and 28 ecorangers
Once areas are cleared, need to restore grass quickly to prevent regrowth and erosion...
How do ecorangers do this??
Grazing planning with elders and CSA
Training and veld assessment and monitoring
Ecorangers assist in ear-tagging livestock going into communal herd, providing ownership tracking and traceability for market and prevention against stock theft.
And vaccinations for improved livestock health and associated revenue potential
Ecorangers manage mobile kraal...
To ensure concentration of dung on areas requiring restoration...
Cover with trampling
Line of wattle outside trampling site
Linking to market
The Meat Naturally Initiative strives to be a facilitator of both the land restoration and market sales services.

<table>
<thead>
<tr>
<th>Production / Landscape Restoration</th>
<th>Sales Support Product &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grazing Planning</td>
<td>Mobile Auctions</td>
</tr>
<tr>
<td>Equipment &amp; Veterinary Services</td>
<td>Market Contracting &amp; Distribution</td>
</tr>
<tr>
<td>Eco-ranger Training</td>
<td>Auditing of Grassfed SA Protocols</td>
</tr>
<tr>
<td>Ecoranger Supervision &amp; Mgmt</td>
<td></td>
</tr>
</tbody>
</table>

Paid by government contracts  
Paid by market and farmers

Source: CSA Application Form for Implementing Agents for Natural Resource Management Programmes and Land User Incentives
FOUR BUSINESS UNITS OF MNP

1. Grazing Planning
2. Eco-ranger Training
3. Tagging & Tracking
4. Market Access – Mobile Auctions
commissions through mobile auctions drive Market Access revenues
MARKET ACCESS IS THE KEY TO LONG-TERM GROWTH

Market Access is the key to long term profitability...
...but all services are interrelated and necessary for overall business growth.

### Operating Revenues by Service

<table>
<thead>
<tr>
<th>Service</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Access</td>
<td>ZAR 500</td>
<td>ZAR 750</td>
<td>ZAR 1050</td>
<td>ZAR 1500</td>
<td>ZAR 2000</td>
</tr>
<tr>
<td>Grazing Planning</td>
<td>ZAR 100</td>
<td>ZAR 150</td>
<td>ZAR 200</td>
<td>ZAR 250</td>
<td>ZAR 300</td>
</tr>
<tr>
<td>Tracking &amp; Tagging</td>
<td>ZAR 200</td>
<td>ZAR 300</td>
<td>ZAR 450</td>
<td>ZAR 600</td>
<td>ZAR 900</td>
</tr>
<tr>
<td>Eco-Ranger Training &amp; Oversight</td>
<td>ZAR 0</td>
<td>ZAR 50</td>
<td>ZAR 100</td>
<td>ZAR 150</td>
<td>ZAR 200</td>
</tr>
</tbody>
</table>

**CAGR**
- Market Access: 104%
- Grazing Planning: 18%
- Tracking & Tagging: 27%
- Eco-Ranger Training & Oversight: 6%
AUCTION RESULTS

Average income per seller

R0.00
R5 000.00
R10 000.00
R15 000.00
R20 000.00
R25 000.00
R30 000.00
R35 000.00
R40 000.00

Mafube - 9 March 2016
ONR - 11 May 2016
Mzongwana - 15 June 2016
Mzongwana - 23 Nov 2016
Mzongwana - 29 Mar 2017
Mafube - 19 Apr 2017
ONR - 11 May 2017
Mzongwana - 28 June 2017
Mzongwana - 19 July 2017
Mzongwana - 30 Aug 2017
Colana - 27 Sept 2017
Colana - 25 Oct 2017
Colana - 29 Nov 2017
Mvenyane - 25 Oct 2017
Mzongwana - 24 Nov 2017
ONR - 8 Dec 2017
Colana - 13 Dec 2017

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Member of the CI Network
AUCTION RESULTS

MEAT NATURALLY PTY LTD MOBILE AUCTIONS: 2016-2017

Eastern Cape Communal Auction Events

- Turnover of sales
- Gross Profits earned
WITH CONSERVATIVE GROWTH ESTIMATES, MNP CAN ACHIEVE PROFITABILITY BY YEAR 4

Meat Naturally Pty Operating Profit

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>-436,262 ZAR</td>
<td>-359,982 ZAR</td>
<td>-470,946 ZAR</td>
<td>332,869 ZAR</td>
<td>1,985,967 ZAR</td>
</tr>
</tbody>
</table>

High fixed costs and slow ramp-up with new IA’s limits profit in the first 3 years. Profit by Year 4, Scale by Year 5.

Financial Assumptions

- Intertwined relationship w/CSA
- 27 initial villages in Year 1
- 40% village growth rate YoY
- IAs cover eco-ranger salary costs
- 6.5% auction commissions
- Addition of 1 Regional Manager Yr.3
MNP TRUST STRUCTURE

- 60% Conservation South Africa
- 40% Meat Naturally Trust
Producer contributions to Trust via grazing compliance and selling animals through MNP

Tangible shareholding benefits to Associations

Country A
- Region A
  - Producer Co-op Group A1
  - Producer Co-op A2
  - Producer Co-op A3
- Producer Co-op A2

Country B
- Region B
  - Producer Co-op B1
- Region C
  - Producer Co-op B1

MEAT NATURALLY TRUST
MEAT NATURALLY TRUST
INTERIM OPERATIONS

- Partner NGO/community mobilsation entity involvement:
  - Partner negotiates conservation agreements and mobilises community, strengthen local structures, employ ecorangers;
  - MNP act as support partner into market link, ecoranger training & grazing planning etc (‘specialist services’);
  - MN Trust and MNP operations acts as EXIT plan by the time NGO/partner is out of funded period
MEAT NATURALLY TRUST
HOW WILL IT WORK

• Livestock associations from various areas who partake and trade through/with MNP

• Beneficiary agreements are signed with each which replaces current conservation agreements – i.e. conservation action (improved grazing management) allows profit share as incentive

• Ideally, profit share will be in livestock improvement or association support – ploughed back into that which concept relies on.
MEAT NATURALLY TRUST
HOW WILL IT WORK

NGO PARTNER
TRUST BUILDING
COMM MOBILISATION
CAPACITY BUILDING

CONSERVATION AGREEMENT
INCENTIVES IN EXCHANGE FOR CONSERVATION ACTIONS

COMMUNITY
EXPERIMENT AND TEST
BUY INTO CONCEPT
START-UP BENEFITS FROM EFFORTS

MEAT NATURALLY TRUST
AFRICA

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MEAT NATURALLY TRUST

HOW WILL IT WORK

SERVICE AGREEMENT

INCENTIVES IN EXCHANGE FOR CONSERVATION ACTIONS

COMMUNITY

ASSOCIATION MANAGE GRAZING AGREEMENTS
MEAT NATURALLY OPERATIONS

• Existing sites - with partners
  – Thaba Chicha; Mafube; Mzongwana, Mvenyane, Colana

• Various ‘new’ sites – different levels of engagement and partnerships e.g.:
  – Upper Tsitsa: Sinxaku & Mgwalana
  – Upper Thukela: amaZizi & amaNgwane
MEAT NATURALLY OPERATIONS:
OTHER LANDSCAPES – K2C
MEAT NATURALLY OPERATIONS:
OTHER LANDSCAPES

• Namakwa
  – MNP Agent
  – Securing fair and dependable market
  – Pilot communal stock auction Nov

• Kruger 2 Canyon (K2C)
  – hiring of MNP Agent
  – FMD area
  – Mobile abattoir pilot happened in Aug