Disrupted Channels:

How the M23 Crisis Is Reshaping Cash Programming and Financial Service Providers Operations in North and South Kivu

CAT-DRC, April 2025

Executive Summary

The impact of the ongoing M23 crisis is reshaping the operating environment of cash-based humanitarian programming in eastern DRC. In North and South Kivu, the convergence of intensified insecurity, territorial fragmentation, weakened governance and strained financial ecosystems is redefining how — and where — humanitarian aid can be safely and effectively delivered. In this volatile environment, a response that is **agile, dignified, and rooted in local realities** is not optional; it is essential.

Despite the escalating crisis in eastern DRC, **cash and voucher assistance remains critical and feasible.** Markets continue to function across much of the region and financial service providers are adapting under immense pressure. Affected communities consistently express a preference for cash-based support that preserves their dignity and strengthens local economies. In this volatile environment, cash and voucher assistance must be scaled, safeguarded, and strategically adapted to meet the scale and complexity of needs.

Humanitarian actors can no longer rely on static assumptions about financial access, security conditions, or community needs. Instead, they must shift toward a dynamic, area-specific analysis that anticipates volatility, prioritizes flexibility, and strengthens collaboration with both financial providers and peer agencies. A principled, context-specific approach to cash and voucher assistance — with strong risk mitigation, diverse delivery mechanisms, and continuous market monitoring — will enable assistance to remain relevant, effective, and empowering for affected populations.

In light of the shifting landscape, strategic adjustments are urgently needed to enhance the resilience and equity of cash assistance systems. It is recommended that humanitarian actors:

- **Diversify and localize delivery modalities**, leveraging a mix of cash, mobile money, and vouchers tailored to area-specific realities and financial infrastructure availability.
- **Strengthen scenario-based planning and contingency frameworks** to proactively adapt programs in response to rapid changes in access, liquidity, or market functionality.
- **Deepen partnerships with financial service providers**, establishing clear, context-specific protocols for risk-sharing, liquidity management, and operational flexibility.
- **Advocate jointly with other humanitarian actors** for protection of financial access corridors and promote regulatory flexibility to safeguard humanitarian operations.

Context

The recent escalation of the M23 crisis has severely disrupted financial flows, market systems, and local economic activity, deepening poverty and worsening the socioeconomic conditions of already vulnerable households and communities. In the affected areas, increased insecurity and growing access restrictions have further limited humanitarian operations and reduced the population's freedom of movement.

The continued presence of M23 forces has also triggered broader consequences, including a severe cash liquidity crisis in territories under their control and across eastern DRC. This has been worsened by the extended closure of banks in Goma and Bukavu, as well as the airport, resulting in the depreciation of the Congolese franc, reduced cash circulation and rising transaction costs for financial service providers (FSPs). As a result, both individuals and institutions are facing growing difficulties in accessing cash. In March 2025, M23 announced plans to reopen the Caisse d'Épargne du Congo (CADECO) under their control as a means to restore liquidity in areas they occupy. However, CADECO's main branch in Kinshasa publicly denied any affiliation with the move. This announcement aligns with growing pressure on NGOs and private sector actors to adhere to M23's emerging financial directives—including the possible requirement to conduct transactions through the reopened CADECO.

These disruptions have had a significant impact on market functionality. A combination of liquidity shortages, restricted physical access to markets and high exchange rate volatility has led to sharp price fluctuations. In Bukavu, the minimum expenditure basket (MEB) increased by 36% in February, before dropping by 24% in March, and a similar trend was observed in Goma.[1] Insecurity around key markets and supply routes has heightened risks for both traders and marketgoers, particularly in peripheral areas such as Masisi, Lubero, and Nyiragongo, where affordability and access remain major barriers. Challenges related to financial inclusion further compound the crisis, with only 26% of the population having access to formal banking[2] and 23% to mobile money services.[3]

Despite these constraints, cash transfers remain a preferred response mechanism among communities and humanitarian actors. Recent third party monitoring reports conducted under SAFER showed cash remained the preferred modality, more adapted to the needs of the communities[4]. However, the ability of FSPs to continue delivering cash to populations in need is

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[1] Source : REACH-RDC-ICSM-Factsheet-Mars-2025.pdf
[2] HRP 2024.
[3] In North and South Kivu, 55% of the population has a mobile phone subscription, 28% has an internet subscription, while 23% have a mobile money account. These numbers are significantly lower in rural areas compared to urban areas.. Source: ARPTC / Mobile Telephony Market Observatory Q2-24; IOM for population data by province
[4] Analyse transversale des visites Third Party Monitoring (TPM) pour le programme SAFER, Mars 2025, Impact Initiatives

currently under threat. They notably face heightened security risks, and difficulties accessing cash which hinder their capacity to operate. The humanitarian community should therefore prioritize efforts to sustain the effectiveness of cash assistance by supporting FSPs to navigate these challenges, in addition to tailoring assistance to local conditions.

Cash assistance in Eastern DRC

In 2024, cash programming played a central role in the humanitarian response across eastern DRC, especially in North and South Kivu, where 59% of all disbursements were made (Figure 2).[5] Throughout the year, humanitarian partners reported delivering $76.4 million in cash assistance to 3.6 million people (Figure 1). In 2023 these numbers were even higher.[6] The modality of implementation varied by location: mobile money was the primary method in South Kivu, representing 46% of all transfers, while direct cash distributions were more common in North Kivu - particularly around displacement sites near Goma, where mobile money access remains limited (Figure 3).[7]

FSPs were instrumental in facilitating the delivery of cash transfers; however, their capacity to scale operations was frequently limited by challenges such as access and security constraints, as well as gaps in geographical coverage. Cash response also remained heavily reliant on donor funding, with 58% of financial support coming from the US government.[8]

Figure 1 Number of beneficiaries 2024

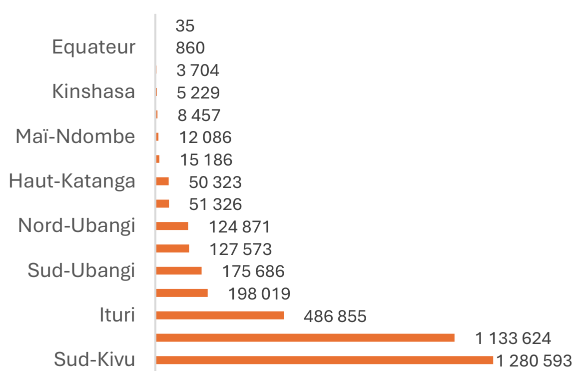
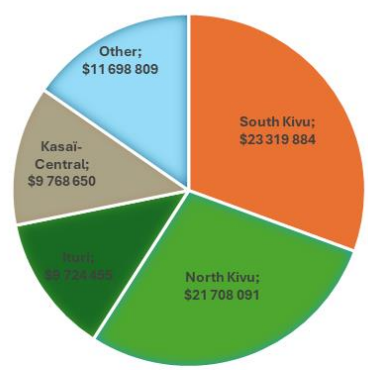


Figure 2 Shares of CT per province in 2024



Source: CWG, 4Ws; Analysis, aggregation and visualization: CAT-DRC. No report in November 2024.

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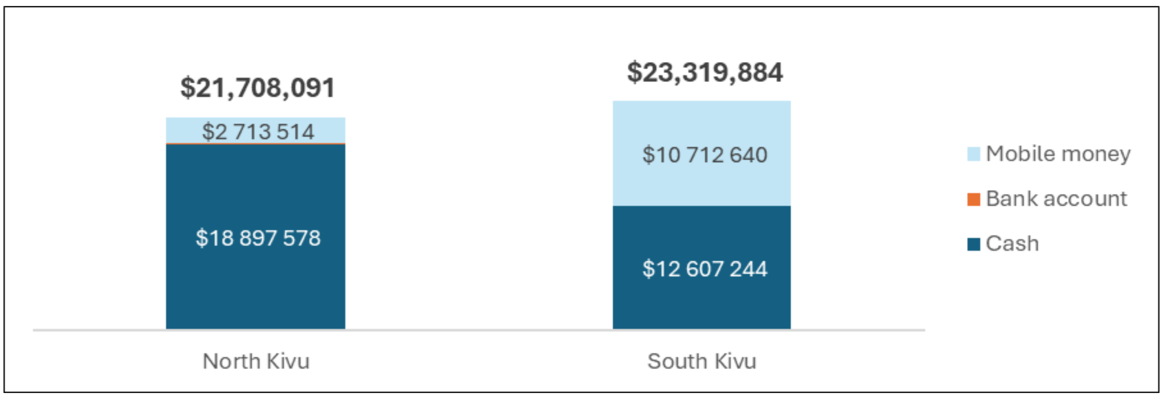
[5] *Source : CWG, 4W ; Analysis, consolidation and visualisation : CAT-DRC.*
[6] The CWG partners had reported $98.7 M for 2023, but under-reporting and changes in methodology make it difficult to compare these two figures. Nevertheless, the downward trend is confirmed.
[7] CWG's 4W data is also partial, so there may be a reporting bias in South Kivu by partners doing exclusively mobile money.
[8] https://www.calpnetwork.org/web-read/us-funding-freeze-estimating-the-impact-on-cva-volumes-in-humanitarian-response/?utm_campaign=CVA+Volumes+piece+re+funding+freeze&utm_medium=bitly&utm_source=email-signature

Looking ahead, the sustainability and feasibility of cash assistance in 2025 will hinge on several key factors, including liquidity availability, the operational capacity of FSPs, market functionality, and access constraints in conflict-affected areas. Emerging challenges - such as shifting donor priorities and potential new restrictions on cash programming in M23-controlled areas - may further complicate humanitarian operations. A continuous and thorough assessment of these enabling conditions will be essential to determine whether cash assistance can be sustained or expanded in the coming year.

Figure 3 Distribution mechanism in North and South Kivu in 2024



Source: CWG, 4Ws; Analysis, aggregation and visualization: CAT-DRC. No report in November 2024.

Impact of the crisis on financial service providers

FSPs vary considerably by province in terms of availability, operational constraints, and cost structures.[9]

- **In North Kivu**, banks were the dominant FSPs used by NGOs in 2024, facilitating 71% of cash-based transfer - primarily through TMB and Ecobank. Mobile network operators (MNOs) accounted for 16% of mobile money transfers, while cooperative savings and credit institutions (COOPEC) handled 8%, and financial messaging services accounted for 5% of transactions. The heavy reliance on banks reflects their capacity to handle large transfers, as well as their increased vulnerability to disruptions related to the security crisis.
- **In South Kivu**, mobile money played a more prominent role, with 48% of funds disbursed through MNOs. Banks accounted for 24% of transfers, while cooperatives had a significantly higher share than in North Kivu, handling 20% of total disbursements. The prominence of

[9] For this section, figures are based on an analysis of reported data from the CWG through the 4W matrix; Analysis, aggregation and visualization: CAT-DRC. No reporting in November 2024.

cooperatives in South Kivu enabled a total disbursement of USD 4.4 million, compared to only USD 1.3 million (8%) in North Kivu.

Prior to the escalation of the M23 crisis in early 2025, mobile money transfers were generally more cost-efficient than traditional bank transfers.[10] However, cost alone did not drive the selection of FSPs. In 2024, each FSP type offered distinct strengths and faced specific challenges - ranging from geographic coverage and liquidity capacity to operational presence and fee structures. While mobile money had the lowest transaction costs, its effectiveness depended heavily on local cash availability and was not consistently accessible across all intervention areas.

The ongoing crisis has affected each type of FSP differently, reshaping their operational capacities across provinces. As a result, the viability of certain FSPs is shifting rapidly. To maintain continuity in aid delivery, humanitarian actors must remain flexible and regularly reassess which modalities are most feasible and effective.

The following sections provide a deeper analysis of the capacity of various FSPs and how they have been impacted by the M23 crisis, based on a series of interviews with FSPs. This includes an overview of their operational constraints, service modalities, and ability to respond to increasing humanitarian needs.

Mobile network operators (MNOs)

Mobile phone ownership is highest in North Kivu, where 60% of the population has an active subscription—just below the national average of 62%. In contrast, South Kivu lags behind, with only 49% of the population subscribed to mobile services.[11] Among those with mobile subscriptions, mobile money usage remains limited. In North Kivu, only 2.4 million people (39%) have a mobile money account, compared to 1.9 million (44%) in South Kivu. Despite having a less developed mobile market, South Kivu shows slightly higher mobile money adoption.[12]

However, mobile network coverage is heavily concentrated in urban areas and remains sparse or non-existent in many rural regions.[13] Beyond coverage gaps, the use of mobile money is further hindered by low literacy levels, limited access to mobile phones and the lack of formal identification - challenges that are particularly common for remote communities.

Impact of the crisis on mobile operators:

Mobile Network Operators (MNOs) operate under licenses issued by the central government in Kinshasa. Currently, MNOs continue activities in Goma, as no directive has been issued from

[10] https://drive.google.com/file/d/157QRoyGxHfhLR-UllmDwSlrSrVc0dVDN/view?usp=sharing
[11] Source: ARPTC / Mobile Telephony Market Observatory Q2-24; IOM for population data by province
[12] *Ibid*
[13] Source : OpenCellID, include cell towers observed in the last 18 months

Kinshasa to halt operations. However, this arrangement remains fragile and could shift in the coming weeks and months.

Both MNOs and humanitarian organizations face growing uncertainty regarding taxation and governance in Goma due to the emerging dual authority. While M23 has yet to formalize a taxation system for private sector actors, businesses are reportedly under increasing pressure to engage with the group. In the absence of clear guidance from Kinshasa, many private entities - including MNOs - are uncertain about how to navigate this complex environment.

The closure of Goma airport has further strained MNO operations, disrupting the supply chain for essential materials such as SIM cards and network equipment. Maintenance of relay antennas and data centers in areas under M23 control is also hindered by logistical constraints. Limited access to technical supplies and ongoing conflict in some zones restrict technicians' ability to perform repairs and maintain service infrastructure.

The liquidity crisis is compounding these challenges, affecting both the distribution of SIM cards and the operations of mobile money street vendors. These vendors rely on steady cash flow to provide cash-out services; when liquidity drops, their capacity to disburse funds diminishes accordingly.

Additionally, mobile money agents often exploit exchange rate discrepancies for profit. While funds are disbursed by MNOs at the Central Bank rate, and standard cash-out fees are fixed and automatically deducted, agents frequently apply unfavorable exchange rates during withdrawals—especially when users cash out from their USD wallets or convert CDF to USD. This practice effectively reduces the actual value received by users, further eroding their purchasing power beyond the impact of standard service fees.

What does this mean for MNOs as a potential FSP for cash transfers?

Humanitarian cash transfers via mobile money involves NGOs transferring funds to MNOs, who then credit the equivalent amount to beneficiaries' mobile wallets. The effectiveness of this approach depends largely on the intended use of the transfer. While mobile money can, in theory, be used for direct payments - such as purchasing goods, paying for services, or covering utility bills - data shows that relatively few vendors accept mobile money[14]. This low acceptance restricts beneficiaries' ability to spend funds digitally, making cash withdrawals the primary means of access. As a result, agent liquidity becomes a critical enabler—mobile money systems can only function effectively if agents in target areas have sufficient cash on hand to meet demand. Furthermore, the currency in which the transfer is received also affects the value that beneficiaries can access upon cash-out.

[14] Source : REACH-RDC-ICSM-Factsheet-Mars-2025.pdf

To evaluate whether mobile money is a viable option, a thorough assessment of cash availability in the intervention areas is essential. MNOs typically conduct such liquidity mapping exercises, and NGOs should coordinate closely with them to understand local cash flow dynamics and determine the operational feasibility of mobile money-based interventions.

Another key factor is the integrity of mobile subscriber databases. Issues such as duplicate registrations can increase the risk of fraud, making it vital to ensure accurate, up-to-date beneficiary lists and compliance with mobile registration regulations. Additionally, registration requirements can present barriers—especially for populations like internally displaced persons (IDPs) who may lack formal identification needed to open new mobile money accounts.

Banks

Impact of the crisis on banks:

Following the M23 crisis in January 2025, banks in areas controlled by M23 have been ordered to close by the central government in Kinshasa and will not reopen while these territories remain under M23 control. This has effectively shut down formal banking operations in these regions, cutting off access to financial services for businesses, NGOs, and individuals.

In March 2025, M23 announced plans to reopen the Caisse d'Épargne du Congo (CADECO) as a local bank under their control, signaling their intent to restore access to liquidity in areas they govern. However, this move has been met with conflicting reports, including a denial from CADECO's Kinshasa branch, which distanced itself from the process. The long-term implications of this forced reopening remain unclear, though it appears alongside growing pressure from M23 to impose taxes on NGOs and private sector actors. NGOs may face additional pressure in the coming period to utilize CADECO for financial transactions.

Outside M23-controlled areas, banks continue to operate. However, the disruption of Goma airport has severely affected the cash supply chain, as air transport was the primary method for delivering cash to the eastern region. As a result, financial institutions are struggling to maintain sufficient cash reserves, which limits their ability to process withdrawals and large transactions.

Since North Kivu relies more heavily on banks for cash transactions, the closure of banking institutions has had a greater impact on the region's ability to conduct money transfers. Other types of FSPs, such as MNOs and cooperatives, are in a better position to set terms, and it is crucial to engage in dialogue with these alternative providers. Assessing how they are affected by the liquidity crisis and analyzing the feasibility and cost-effectiveness of each FSP type will be essential for ensuring continued access to financial services.

What does this mean for banks as a potential FSP for cash transfers?

Banks are not a viable option for cash transfers in M23-controlled areas, as most formal banking institutions have been shut down by order of the central bank. Although M23 has attempted to reopen CADECO under its own authority, this channel is not accessible to NGOs due to legal, compliance, and reputational risks—particularly since CADECO's main branch in Kinshasa has publicly distanced itself from the move. As a result, NGOs operating in these areas must rely on alternative financial service providers.

In areas outside M23 control, banks continue to operate but may face liquidity shortages due to disruptions in cash shipments. The feasibility of using banks as an FSP for cash transfers will depend on the availability of cash. NGOs need to assess whether banks can provide sufficient liquidity for withdrawals in target locations, given the ongoing supply chain disruptions that could delay assistance and weigh these additional costs against the operational advantages of using banks for cash transfer programming.

Cooperatives

Impact of the crisis on cooperatives:

Some cooperatives continue to operate in M23-controlled areas, but they are few in number and their capacity has been heavily strained by the ongoing crisis. This limited presence has increased their bargaining power while simultaneously overstretching their ability to deliver, creating a low-competition environment.

Cooperatives rely heavily on access to cash, and the current liquidity crisis has significantly hampered their capacity to facilitate local cash transfers. Many now depend on Rwanda to inject liquidity into their systems, which affects both the cost and volume of cash available. However, this reliance presents challenges: Rwandan banks typically provide only large denominations (USD 50 or 100), which complicates disbursements and introduces risks for beneficiaries, particularly for transfers involving smaller amounts. Some cooperatives report finding local workarounds to access Congolese francs (CDF) for small amounts, though this varies by location and transfer size.

While access through the northern route via Beni remains technically possible, heightened insecurity near the frontline discourages the use of the road between Beni and M23-held areas. In this fragile context, the risks associated with cash handling have increased significantly. As a result, cooperatives may begin requesting additional guarantees - such as visible NGO branding on transport vehicles - or other mechanisms to shift operational risk.

Historically, cooperatives have charged higher fees than other FSPs, often around 5% per transaction.[15] These costs are likely to rise further due to mounting logistical challenges, limited liquidity, and increasing security premiums, all of which contribute to a higher overall cost of service.

What does this mean for cooperatives as a potential FSP for cash transfers?

Cooperatives remain a possible option for delivering cash transfers in some areas, including M23-controlled zones, but their use comes with notable limitations. Their operational capacity is strained, and geographic reach is limited, creating increased competition among NGOs to secure their services.

Service fees - which were already higher than those of other FSPs - are expected to rise further due to added security premiums and the elevated costs of sourcing cash across borders, particularly from Rwanda.

The deteriorating security environment significantly amplifies operational risks, making it essential to adapt delivery modalities. This may include measures such as enhanced protection for staff and cash movements, use of visible NGO branding, or implementation of secure convoy protocols.

Given these challenges, NGOs and donors will need to adjust their cash transfer strategies to reflect the reduced availability of cooperatives, rising operational costs, and a heightened risk landscape.

USD or CDF? Adapting Cash Modalities to a Volatile Monetary and Protection Landscape

The ongoing liquidity crisis has complicated the choice on the use of both USD and CDF in humanitarian cash programming. With limited access to FSPs, shortages of physical currency, and persistent insecurity, humanitarian actors must carefully evaluate which currency to use. While USD remains the reference currency for high-value transactions, rural markets remain largely CDF-based with limited dollarization.

The decision to disburse in USD or CDF is not merely financial - it carries significant implications for access, protection, and program impact. Each option introduces unique risks and considerations that must be assessed based on local context.

Transfers in USD

- **Advantages:** USD can help preserve the purchasing power of transfers, particularly for larger expenses such as rent, medical care, or school fees. It also offers a buffer against inflation.
- **Risks:** In rural areas, where the dollar is less commonly used, beneficiaries often need to exchange USD informally, often at unfavorable rates. Receiving dollars can also increase

[15] Source : CWG : 2nd PSF satisfaction survey - September 2021

visibility, potentially making recipients targets of theft, extortion, or social tension. The limited availability of small denominations further complicates everyday transactions.

Transfers in CDF

- **Advantages:** CDF is the preferred currency for local markets and daily purchases. It avoids the need for currency exchange, lowering visibility and reducing some protection risks, including intra-household conflict or targeting by armed actors.
- **Risks:** High inflation can quickly reduce the real value of CDF-denominated transfers, especially if there's a delay between distribution and use. Discrepancies in transfer modalities between different areas or villages can also fuel community tensions if not well explained.

Conclusion

The M23 crisis has dramatically altered the operational landscape for cash-based assistance in North and South Kivu. Worsening access constraints, rising market instability, and a deepening liquidity crisis are undermining the viability of traditional cash delivery mechanisms—particularly in and around areas under M23 control.

The sharp instability in the MEB reflects declining purchasing power at a time when humanitarian needs are intensifying. Markets are increasingly constrained by supply chain disruptions and insecurity, which are eroding the efficiency and impact of cash as a response modality. Inflation is driven by several compounding factors, including stalled diplomatic negotiations, uncertainty around the reopening of financial institutions, and the fragile security environment.

Cash programming now faces not only escalating delivery costs but also growing security risks for both beneficiaries and implementing partners. With formal banks shuttered in some areas and cooperatives and mobile money systems under pressure, actors must pivot to highly adaptive, localized solutions. These options often come with trade-offs—higher costs, increased risk, and limited scalability.

Despite these challenges, cash assistance remains a critical lifeline, providing dignity and enabling local purchasing. However, its effective deployment in the current context demands more strategic planning, ongoing risk assessments, and flexible delivery modalities tailored to the specific conditions of each location.

Recommendations

For NGOs Implementing Cash Assistance

- **Tailor transfer modalities to local context:** Use hybrid delivery methods e.g., direct cash, mobile money, vouchers, and diversify FSPs to enhance flexibility and coverage based on localized assessments on market functionality, liquidity, and security.
- **Mitigate security risks with FSPs:** In high-risk areas, enhance risk mitigation through branded convoys or co-developed risk mitigation protocols. Set up liquidity tracking systems jointly with FSPs to monitor and anticipate service disruptions.

- **Strengthen coordination with other cash actors:** Strengthen coordination among cash actors to avoid overwhelming local cooperatives or mobile money agents and oversaturating the local market and prevent service cost inflation.

- **Utilize community feedback:** Strengthen beneficiary communication strategies on currency use, risks, and access options.

For Humanitarian Coordination Bodies (e.g., HCT, CWG, OCHA)

- **Update operational guidance:** Provide regularly updated recommendations on modality selection, drawing on ongoing context analyses and tools like risk maps and FSP comparison matrices.
- **Facilitate collective engagement with FSPs:** Lead joint negotiations with MNOs and cooperatives to ensure transparent fees, standardized terms, and equitable operational protocols.
- **Advocate for cash flow restoration:** Collaborate with government, donors and regional stakeholders to obtain the immediate reopening of key financial channels such as Goma and Bukavu airports, and the reopening of banks.
- **Lead joint contingency planning:** Develop localized contingency plans with pre-identified alternative FSPs and market monitoring mechanisms to maintain continuity in response if conditions worsen (e.g. if liquidity drops, banks close, etc.).
- **Promote the diversification of FSPs:** Support the mapping and the use of alternative or non-traditional FSPs, especially in underserved or hard-to-reach areas.
- **Continuously monitor the MEB and market dynamics:** Use real-time price and market access monitoring to adapt transfer values and mitigate inflationary impacts on local economies.

For Donors

- **Embed increased flexibility in funding:** Allow adaptive programming that can shift modalities, transfer values, exchange rates and timelines in response to changing security, liquidity, and market conditions, while also considering contingency funds.
- **Funding preparedness and risk analysis:** Prioritize financing for tools and assessments that enable real-time risk monitoring, agile decision-making, and proactive programming in volatile settings.
- **Jointly advocate for cash flow restoration:** Collaborate with government, humanitarian coordination bodies and regional stakeholders to obtain the immediate reopening of key financial channels such as airstrips, cross-border routes, and monitor M23-related access issues.

Crisis Analysis Team - DR Congo

We provide timely, adequate, accurate, and inclusive data-driven analytics to help teams and programs make informed decisions. We identify, explore, and analyze the links between socio-political, economic, and cultural dynamics in crisis and conflict zones in eastern DRC. Our goal is to inform the humanitarian and development community on how to better tailor programming to the needs of the population.

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