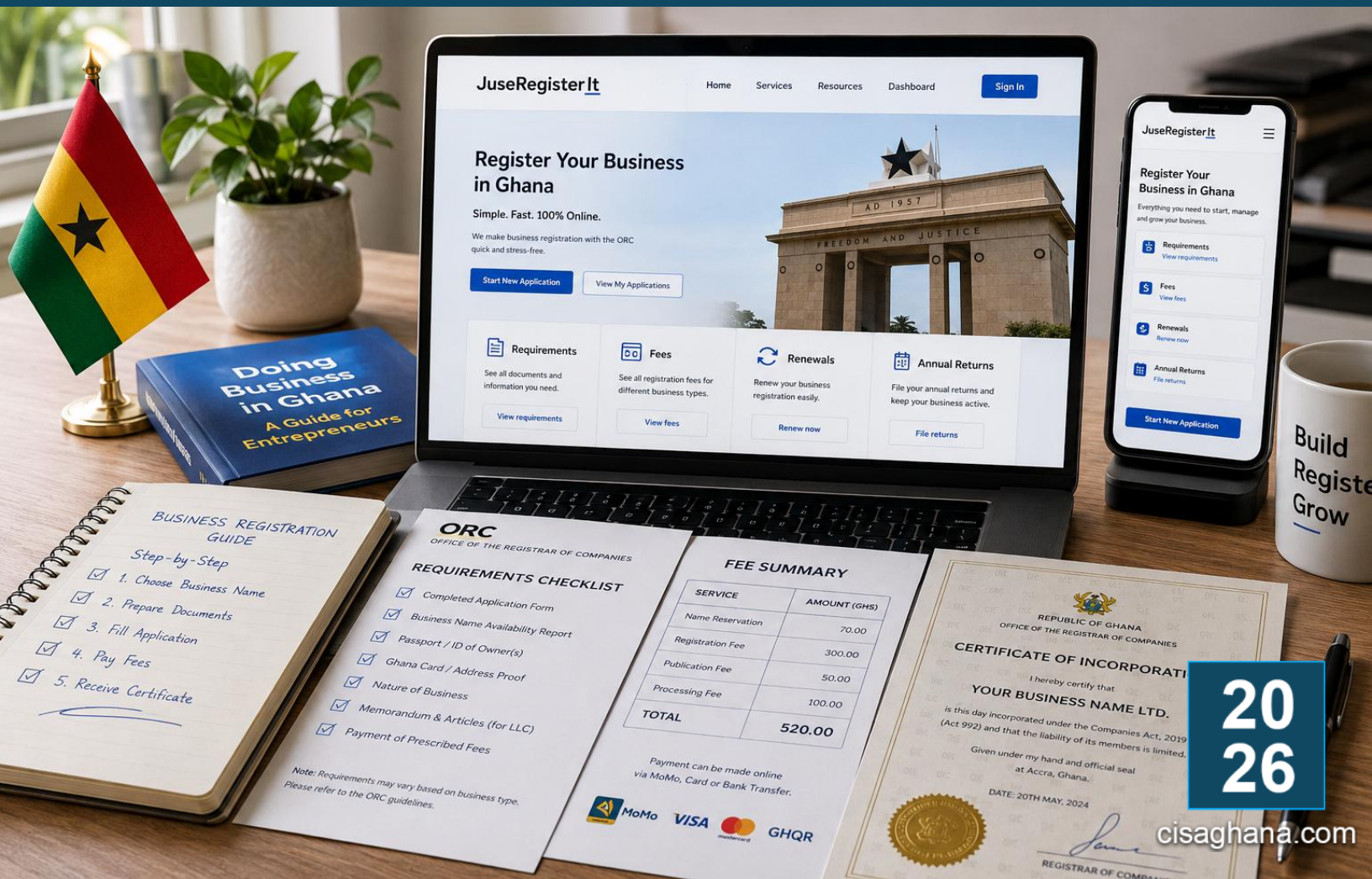
CISA

PUBLICATION

October 2026

When Compliance Becomes Extortion: Regulation, Bribery and the Fragility of Ghana's National Security



Introduction: The cost of doing business legally

Every year, many young Ghanaians leave school to find that the formal job market cannot absorb them. Entrepreneurship is often offered as the alternative, but starting a business is only the beginning of a long administrative journey.

A small startup bakery will answer to a district assembly, the Food and Drugs Authority (FDA), the Ghana Standards Authority, the Environmental Protection Agency, the Ghana National Fire Service and the Ghana Revenue Authority, among others. Each institution has a legitimate mandate. The problem arises when those mandates translate into overlapping procedures, repeated inspections, unclear charges and inconsistent enforcement that impose disproportionate costs on small firms. A large corporation can hire compliance officers and legal advisers. A small bakery cannot, so every inspection, payment or day spent chasing a permit comes out of production, wages and growth.

This article argues that regulatory fragmentation, wide administrative discretion and weak accountability raise the risk of bribery, undermine SME survival and erode public trust in the state, and that these effects can reach national security by weakening the legitimate livelihoods on which stability depends. It does not argue that regulation should be abolished. It argues for compliance that is transparent, proportionate and free of duplication and extortion.

What the evidence shows

The concern is real. The Institute for Liberty and Policy Innovation (ILAPI, 2026a) surveyed 600 micro, small and medium-sized enterprises (MSMEs) between September 2024 and July 2025 and identified overlapping mandates, high compliance costs, delays and reliance on informal intermediaries as major obstacles. Respondents reported average spending of GH₵1,030 on business registration, GH₵1,275 on assembly permits and GH₵1,600 on licences. These are survey averages, not statutory charges. Some 84% had used intermediaries known as “goro boys” during registration, and 40.8% waited more than a month for their business-entry certificates (ILAPI, 2026a, 2026b). Reliance on intermediaries may imply corruption, and suggests a system that applicants find hard to navigate alone.

The World Bank’s 2023–2024 Enterprise Survey of 713 Ghanaian firms adds a governance dimension. Senior managers reported spending 6.9% of their time on government regulation, against 8.3% across Sub-Saharan Africa, and an operating licence took 17.3 days on average, against 16.5 regionally. On these two measures Ghana sits close to the regional norm. The more troubling finding is that 17% of firms reported at least one request for a bribe payment (World Bank, 2024).

Qualitative research points the same way. In focus groups with chief executives of local and multinational firms, Bawole and Langnel (2023) found duplicated agency functions, multiple charges for virtually the same service and inadequate channels for reporting corruption, and argued that these conditions encourage corruption and hold back private-sector growth. Recent attempts by the Data Protection Commission to prosecute some small business for supposed infractions point more to interest in late payment of fees than compliance with regulations.

From fragmentation to extortion

Regulatory fragmentation occurs when several institutions exercise separate or overlapping responsibilities without coordinating their information, inspections, fees or procedures. Having several regulators is not itself the problem. The question is whether their combined requirements are necessary, proportionate and efficiently administered.

Lawful fees, legitimate inspections and enforcement of safety standards are not extortion. The term applies when an official abuses public authority to obtain an unauthorised payment, whether through threats, deliberate obstruction or demands for money in exchange for a service that should be delivered lawfully. Corruption does not always begin with an explicit demand. Klitgaard (1988) famously observed that corruption flourishes where monopoly power and official discretion are not matched by accountability. Fragmentation can strengthen each element.

Every agency holds a separate gate, discretion over inspections and approvals is wide, and when fees are unclear an entrepreneur cannot tell an authorised charge from an informal demand. Repeated visits also raise the cost of resisting. Regulation exists to secure compliance with the law. It must not become a mechanism through which entrepreneurs are forced to purchase access to public services.

A Ghanaian case: The entrepreneur who cannot expand

Mira Taste Services, an agro-processing business that makes cakes, local beverages and fruit juices, shows what this looks like in practice. In an August 2026 Ghana News Agency feature, its proprietor, Samiratu Sakibu, described paying for both a business operating permit and a property permit for the same premises, and questioned why refilling a fire extinguisher should cost as much as buying a new one. After being told that FDA product registration had been digitised, she could not operate the website (Nunoo, 2026).

Her complaint is not mainly about the size of the fees. “The problem is the duration and the redundant processes,” she said. Nor does her account allege bribery. Its value lies in showing the delay, duplication and uncertainty that make a system hard to navigate and,

by extension, open to informal shortcuts. She says she could employ eight more people, but the time and cost of compliance hold her back (Nunoo, 2026). The lesson is that reform must be judged by the experience of the entrepreneur, not by the existence of an online portal or a one-stop-shop policy on paper.

Another entrepreneur interviewed indicated that GRA taxes are set artificially highly without basis in many instances. The business owner is then coerced to negotiate the tax downwards with a hefty bribe given to GRA officials to facilitate the change.

The economic consequences: Weakening Ghana's productive base

SMEs matter because they provide employment, sustain local supply chains and open the door to entrepreneurship. ILAPI estimates that MSMEs make up about 92% of businesses and contribute nearly 70% of GDP, yet only 28.2% of the micro enterprises in its sample had grown to medium scale, a journey that can take 9 to 12 years (Nunoo, 2026). ILAPI attributes this partly to structural, financial and regulatory barriers.

Regulation is only one constraint among several. The World Bank survey found access to finance to be the most frequently reported biggest obstacle, followed by tax rates (World Bank, 2024). Regulatory reform must therefore complement, not replace, action on finance, electricity, infrastructure, skills and market access. The case for reform is nonetheless strong, because the businesses that struggle most are those that could create the jobs Ghana needs.

From business fragility to national security

The security implications require careful analysis. A delayed permit does not automatically produce crime, and business regulation is not a principal cause of violent extremism. Ghana's security environment is shaped by organised crime, cross-border threats, poverty, local conflicts, institutional capacity and political conditions. Yet security policy cannot be separated entirely from economic opportunity. Legitimate enterprises give households and communities income and lawful alternatives to illicit activity.

The context is sobering. The Ghana Statistical Service reports that youth unemployment for ages 15 to 24 averaged 32% in 2024, that seven in ten unemployed people are young, and that employment growth has been concentrated in informal and insecure work (Ntow, 2025).

The United Nations Development Programme's study of nearly 2,200 respondents across eight African countries found that employment aspirations and livelihood pressures were important in some pathways into violent extremist groups (UNDP, 2023). It did not

establish that regulatory burdens on SMEs cause extremism in Ghana. Its relevance is that livelihoods matter where recruitment is a concern.

Four mechanisms connect the two. Together they identify plausible pathways, not a proven causal chain.

Loss of livelihoods. When businesses close or fail to expand, workers and households lose income, which compounds existing vulnerabilities in areas with few alternatives.

Weaker local economies. Small enterprises buy local inputs, employ workers and supply their communities. Their decline reduces the activity that sustains local commerce.

Informal and illicit alternatives. Where formal participation is needlessly difficult, some people are pushed towards informality. Most informal businesses are legitimate, but weak lawful opportunities can interact with criminal networks and illicit markets.

Declining institutional trust. Citizens who repeatedly meet opaque charges, arbitrary enforcement or demands for unofficial payments may lose confidence in the fairness and legitimacy of the state.

The argument is not that regulators should stop enforcing the law. It is that a viable legitimate economy is part of national resilience, and that a state which expects entrepreneurs to comply must ensure that compliance is fair, predictable and free from abuse.

Lessons from Africa: Rwanda's one-stop centre

Ghana need not invent every reform from scratch. The Rwanda Development Board's One Stop Centre brings together selected services, including investment registration, environmental impact assessment and permits, and supports online applications (Rwanda Development Board, n.d.). Ghana has discussed similar arrangements, yet the experience of small firms suggests the burden persists. Such a reform must integrate the underlying administrative processes, not just the public-facing interface.

A practical reform agenda for Ghana

Ghana needs a system that protects the public while minimising unnecessary burdens on legitimate enterprises. Six reforms should be prioritised.

Integrated compliance platform. One platform where SMEs can identify applicable requirements, submit common information once, pay authorised fees, track applications and receive renewal reminders well before permits expire.

Joint inspections. Where several agencies have good reason to inspect the same premises, they should coordinate schedules and, where the law permits, recognise each other's findings, with institutional responsibilities clearly defined.

Published fees and service standards. Every agency and assembly should publish authorised charges, documentation requirements, renewal periods and processing timelines. Payments should be traceable and official receipts issued consistently.

Proportionate compliance. Microenterprises and low-risk businesses should have simplified procedures wherever public safety is not compromised.

Independent complaints and accountability. Businesses need accessible channels to challenge arbitrary decisions, unlawful charges and improper demands, with protection against retaliation.

Mandate review and burden measurement. A systematic review across agencies and district assemblies should identify duplicated documentation, unclear responsibilities and unnecessary renewals that impose costs without a demonstrable public benefit.

Conclusion: Compliance must not become a penalty for entrepreneurship

Ghana needs regulation, but not duplication, opaque charges or practices that make lawful enterprise disproportionately difficult. ILAPI's research, the World Bank's Enterprise Survey and the reported experience of Mira Taste Services point to real concerns about cost, delay, coordination and bribery risk. They do not show that every regulator is corrupt or that regulation alone explains business failure.

When the cost of obeying the law becomes excessive and public authority becomes vulnerable to private extraction, the state risks undermining both economic development and the public trust on which national security depends.

Compliance should be a route to responsible participation in the economy, not an unpredictable burden that threatens the survival of legitimate enterprise.

References

Bawole, J. N., & Langnel, Z. (2023). Corruption-induced inhibitions to business: What business leaders have to say in Ghana. *Journal of African Business, 24*(1), 59–76. https://doi.org/10.1080/15228916.2021.2018226

Institute for Liberty and Policy Innovation. (2026a, August 11). *Removing business regulatory barriers for economic prosperity in Ghana*. https://www.ilapi.org/policy-brief/29/removing-business-regulatory-barriers-for-economic-prosperity-in-ghana

Institute for Liberty and Policy Innovation. (2026b, August 13). *Impact of Ghana's business regulatory burden on enterprises*. https://ilapi.org/publication/20198/impact-of-ghanas-business-regulatory-burden-on-enterprises

Klitgaard, R. (1988). *Controlling corruption*. University of California Press.

Ntow, F. (2025, August 28). Ghana's growing employment remains unsecured in the informal sector – GSS. *Ghana News Agency*. https://gna.org.gh/2025/08/ghanas-growing-employment-remains-unsecured-in-the-informal-sector-gss/

Nunoo, L. A. (2026, August 17). *Between dream and license: Regulatory maze holding back Ghana's MSMEs*. *Ghana News Agency*. https://gna.org.gh/2026/08/between-dream-and-license-regulatory-maze-holding-back-ghanas-msmes/

Rwanda Development Board. (n.d.). *One stop centre*. https://rdb.rw/one-stop-centre/

United Nations Development Programme. (2023). *Journey to extremism in Africa: Pathways to recruitment and disengagement*. https://www.undp.org/prevent-violent-extremism/publications/journey-extremism-africa-pathways-recruitment-and-disengagement

World Bank. (2024). *Ghana: Enterprise survey 2023*. https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/country/Ghana-2023.pdf