Indicator 9.3.2

Indicator Name, Target and Goal

**Indicator 9.3.2:** Proportion of small-scale industries with a loan or line of credit

**Target 9.3:** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

**Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Definition and Rationale
Definition:
This indicator is defined as the number of “small-scale industries” with an active line of credit or a loan from a financial institution in the reference year in percentage to the total number of such enterprises.

Concepts:

An Enterprise is defined, in International recommendations for industrial statistics 2008 (IRIS 2008) (United Nations, 2011), as the smallest legal unit that constitutes an organizational unit producing goods or services. The enterprise is the basic statistical unit at which all information relating to its production activities and transactions, including financial and balance-sheet accounts, are maintained. It is also used for institutional sector classification in the 2008 System of National Accounts.

In case of the large enterprises a distinction is made between an enterprise and establishment. An enterprise, especially those of larger size may own more than one establishment having different physical locations or kinds-of-activity. For this reason IRIS 2008 recommends establishment as a statistical unit for data collection purpose. However, small enterprises are pre-dominantly single-establishment enterprise. Therefore no distinction between enterprise and establishment is made in definition of this indicator.

Small-scale industrial enterprises, in the SDG framework also called “small-scale industries”, refer to statistical units, generally enterprises, engaged in production of goods and services for market below a designated size class. The definition of size class in many countries is tied up with the legal and policy framework of the country. The size of a statistical unit based on employment should be defined primarily in terms of the average number of persons employed in that unit during the reference period. If the average number of persons employed is not available, the total number of persons employed in a single period may be used as the size criterion. The size classification should consist of the following classes of the average number of persons employed: 1-9, 10-19, 20-49, 50-249, 250 and more. This should be considered a minimum division of the overall range; more detailed classifications, where required, should be developed within this framework.

A loan is a financial instrument that is created when a creditor lends funds directly to a debtor and receives a non-negotiable document as evidence of the asset. This category includes overdrafts, mortgage loans, loans to finance trade credit and advances, repurchase agreements, financial assets and liabilities created by financial leases, and claims on or liabilities to the International Monetary Fund (IMF) in the form of loans. Trade credit and advances and similar accounts payable/receivable are not loans. Loans that have become marketable in secondary markets should be reclassified under debt securities. However, if only traded occasionally, the loan is not reclassified under debt securities (IMF, 2011).

Lines of credit and loan commitments provide a guarantee that undrawn funds will be available in the future, but no financial liability/asset exists until such funds are actually provided. Undrawn lines of credit and undisbursed loan commitments are contingent liabilities of the issuing institutions—generally, banks (IMF, 2011). A loan or line of credit refers to regulated financial institutions only.

Rationale and Interpretation:
Industrial enterprises are classified to small compared to large or medium for their distinct nature of economic organization, production capability, scale of investment and other economic characteristics. “Small-scale industries” can be run with a small amount of capital, relatively unskilled labor and using local materials. Despite their small contribution to total industrial output, their role in job creation, especially in developing countries is recognized to be significant where the scope of absorbing surplus labor force from traditional sectors such as agriculture or fishery is very high. “Small-scale industries” are capable of meeting domestic demand of basic consumer goods such as food, clothes, furniture, etc.

Thus “small-scale industries” play an important role in the economy. However, it has quite limited access to financial services, especially in developing countries. In order to improve the skill of workers and technology for production, small-scale industrial enterprises require financial support in the form of preferential loan, credit etc. This indicator shows how widely financial institutions are serving the “small-scale industries”. Together with the indicator SDG 9.3.1, this indicator reflects the main message of the target 9.3 which promotes to increase the access of “small-scale industries” to financial services.

Data Sources and Collection Method

Data for this indicator are generally collected from small industrial establishment survey, credit survey or economic census. The central bank or similar institutions may also conduct the survey. In compilation of data it is important to consider that the statistical unit (respondent) of the survey should be an enterprise of borrower of the loan.

Method of Computation and Other Methodological Considerations
**Computation Method:**

The proportion of “small-scale industries” with a loan or line of credit is calculated as the number of “small-scale industries” with an active line of credit or a loan from a financial institution in the reference year in percentage to the total number of such enterprises:

\[
\text{The number of "small - scale industries" with loan or line of credit} \times 100
\]
\[
\text{Total number of "small - scale industries"}
\]

“Small industry” here refers to an enterprise with less than 20 persons employed. The indicator is recommended to calculate separately for each ISIC section such as manufacturing, trade…or service activities as far as possible.

**Comments and limitations:**

The main limitation of existing national data is varying size classes by country indicating that data are obtained from different target populations. Data of one country are not comparable to another.

The definition of size class in many countries is tied up with the legal and policy framework of the country. It has implications on registration procedure, taxation and different waivers aimed to promote "small-scale industries". For the sole purpose of SDG monitoring IAEG-SDG has recommended that the indicator is calculated for enterprises with less than 20 persons employed.

**Sub-indicator, alternative and additional indicators:** N/A

**Data Disaggregation**

Data could be disaggregated by ISIC and urban/rural.

**References**

- **Official SDG Metadata URL**  

- **Internationally agreed methodology and guideline URL**  
  N/A

- **Other references**


- **Country examples**  
  N/A

**International Organization(s) for Global Monitoring**

This document was prepared based on inputs from United Nations Industrial Development Organization (UNIDO)

For focal point information for this indicator, please visit https://unstats.un.org/sdgs/dataContacts/