Indonesia is seen as an important player in the fight against climate change and is under intense international pressure to curb its deforestation rate due to oil palm plantation expansion. This study examines a transmigrant village managing oil palm plantation, looking for a model of sustainable development.

Smallholders account for around 40 percent of national output or equal to 8.5 million tons. This study interested in looking at the smallholder’s plantation management which is playing an important role in Indonesian oil palm plantation development. This study assesses the developments of oil palm plantation in the theme of sustainability and discusses their application at the farm level.

The village of the study area is located in Ukui subdistrict, Pelalawan Regency, Riau Province, Sumatera Island, Indonesia. This village is transmigrant village which had established in 1988 due to the policy of government.

In this study we obtained data from interview and fieldwork. Field work was done twice, on May-June 2012 and April-May 2013. To assess the sustainability of oil palm management in the village we develop the extension method of Kawakita Jiro (KJ) Method. This method makes the role of stakeholder and the interaction within stakeholder more clearly. To verify the result, then we consult the scheme and have deep discussions with stakeholder.

To produce the sustainability scheme model as shown in Figure 1, we proposed the following question to the smallholders:

"Since 1988, the oil palm plantation gives much benefit to the smallholders, what is the key success of this sustainable development? From the beginning until recently."

Using the KJ Method, this study documents the key (fact in the past and present) of sustainability in the study area (Figure 1).

Figure 1. Sustainability model that applied in the oil palm plantation village.

Study on agriculture sustainability must be beginning from the local scale to gain the best result. This study documented that social capital within the smallholders play an important role in the oil palm plantation management. Mutual aid, consensus, and leadership are the social capital that embedded within the smallholders. This social capital yields stronger bond within the smallholders. With the social capital, the smallholders can collaborate for long-term resource management, social bond and norm within the local community offers constructive and sustainable outcomes for natural resources.

Furthermore, since KUD (village cooperation unit), village administration, and local banks gives support to manage the income and expenditure, the smallholders could establish a new business, buy new oil palm plantations, introduce other innovation to earn more income and prepare for rejuvenation period. KUD also play a role as a bridge between small-holders and the company. The company supports the smallholders in order to organize and maintenance the oil palm plantation, so the resources will be more carefully managed. Finally for long-term sustainability, the government policies such as monitoring as well as enforcement are needed.