This study investigates the role of Foreign Aid (FA) on the health sector (HS) in Palestine. FA is considered a tool for promoting economic and human development. Considerable amounts of FA are directed to Health. The role of FA in development, including in health, has been a subject of debate with inconclusive results on its impact. In the case of Palestine: FA to Palestine increased in the period following the establishment of the Palestinian National Authority to reach USD 920.24 million in 2015. The Palestinian economy was found to be dependent on FA, more than 60% of FA received was used in direct budget support rather than development. Although the Palestinian health system benefits from FA coming to Palestine, the role of FA on health is under investigated.

Both a descriptive quantitative and a qualitative research approaches were used to explore, describe and explain the roles, procedures and challenges of FA in the Palestinian HS. Data was collected using both: desk review of official documents and published data by specialized international organizations, and through semi-structured interviews with a purposive sample of the major stakeholders in the field. Data was analyzed using descriptive quantitative analysis and qualitative content analysis.

FA for health in Palestine is found to be facing many challenges; including: high influenced of donors’ agendas, lack of communication between different stakeholders; absence of effective coordination structures and inclusive discussion platforms; low accountability of donors towards the recipients; and finally the Israeli occupation, which resulted in an unstable political situation with a continuous crisis situation rendering the development process very difficult. These challenges negatively affect the effectiveness of FA for health in Palestine.

The study concluded that the distribution of FA between sectors in Palestine is context dependent. It has been also found that although the HS in Palestine receives around 3% of FA, FA has a positive role on the HS in Palestine, it has contributed to the establishment of the institutional structure and capacities of the HS in Palestine. It also contributed to the provision of health services. The effectiveness of FA in Palestine has been improving.